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# FINANCIAL TIMES

Friday May 15 1992

EUROPE'S BUSINESS NEWSPAPER

D8523A

## Serbs withdraw assets to avoid future sanctions

The Serbian authorities have been withdrawing assets from western banks, and from banks in Belgrade, the Serbian capital, in an attempt to circumvent further European Community sanctions. The EC has not drawn up any concrete measures to seize such assets, nor have central bankers received warnings or instructions to prepare for such a possibility.

Nevertheless, western bankers and diplomats said more than \$1.5bn had been taken out of Belgrade over the past six months. Page 26

**Flare over EC energy tax** The EC has faced a "violent assault" from industrial lobbies and the Gulf countries, which even threatened to break off diplomatic relations following the announcement of its energy tax, Mr Carlo Ripa di Meana, EC environment commissioner said. Earlier reports, Page 3

**Satellite rescues Intelsat** was preparing to move its \$157m telecommunications satellite into the required orbit after its rescue by astronauts from the shuttle Endeavour. Page 7

**Libya to renounce terrorism** Libya has claimed it is renouncing terrorism but again refused to hand over two men accused by the US and Britain of responsibility for bombing a PanAm 747 over Scotland in 1988. Page 6

**Lufthansa turns in DM386m loss** Lufthansa, the German national airline, made a pre-tax loss of DM386m (\$294m) in the first quarter of 1992 and said it did not expect to end up in profit this year. Page 27

**Protest by Sears, Roebuck investors** Two non-management motions put forward by shareholders at the annual meeting of Sears, Roebuck, the US retail and financial services group, attracted the support of more than 40 per cent of all votes cast. Page 27

**Hanson profits fall 17%** Hanson, the Anglo-US conglomerate, reported a 17 per cent fall in pre-tax profits for the half year. Page 27

**CIS leaders stay away from summit** Just six of the 11 heads of state of the Commonwealth of Independent States are expected at today's CIS summit in Tashkent. Page 2

**Brussels accused of 'aggression'** Michael Forsyth, new UK employment minister, has criticised the European Commission for not recruiting staff older than their mid-30s. Page 26

**AWA chief quits** Stephen Walls, chief executive of Arjo Wiggins Appleton, the Anglo-French paper group, is leaving the company after losing a boardroom battle over strategy. Page 27

**Partial reprieve for spotted owl** The US government has given only a partial reprieve to the Northern Spotted Owl (left), which has become a symbol of the conflict between employment and environmental protection. Washington has agreed to allow logging in a portion of the ancient Oregon forest that provides the bird's habitat and proposed sharp reductions in the areas set aside for the species. Page 7

**Philippine poll count continues** Fidel Ramos, administration-backed candidate for president, holds a slim lead over Miriam Defensor Santiago as counting of votes from last Monday's general election continues. Page 6

**Plan for Japan-UK cable links** A consortium of international investors, led by Nynex, the north-east US regional telephone group, is considering installing the world's longest undersea fibre optic telecommunications cable, costing \$1bn and stretching from Britain to Japan. Page 4

**Thomson incurs hefty deficits** Thomson, the Canadian-owned travel and publishing group, has blamed the continued slump in advertising in its north American and UK regional newspapers for a first-quarter net loss of US\$47m. Page 31

**Farwell to former fatale** Thousands of friends, family members and admirers gathered in Paris yesterday for the funeral of Marlene Dietrich, the German-born actress who died last week aged 90. She will be buried in Berlin.

**Margarita's inventor dies** Carlos Barrera, a Mexican bar owner credited with mixing the first margarita, has died in California at the age of 90. His concoction of three parts white tequila, two parts Cointreau and one part fresh lemon juice, was named after actress Marjorie King.

STOCK MARKET INDICES		STERLING	
FT-SE 100	2,994.7 (+25.5)	New York Composite	1,622.38
Yield	4.32	London	1,622.38
FT-SE Euro Stoxx 100	1,178.98 (+7.53)	Paris	1,622.38
FT-40 All Share	1,209.31 (+0.28)	Frankfurt	1,622.38
Nikkei	10,944.5 (+98.03)	Amsterdam	1,622.38
New York Composite	1,622.38 (+31.11)	Brussels	1,622.38
Dow Jones Ind Ave	1,209.31 (+4.41)	Madrid	1,622.38
S&P Composite	1,209.31 (+4.41)		
US LAUNCHTIME RATES		DOLLAR	
Federal Funds	3 1/8%	New York Composite	1,622.38
3-mo Treas Bill	3.00%	London	1,622.38
Long Bond	7.50%	Paris	1,622.38
Yield	7.50%	Frankfurt	1,622.38
LONDON MONEY		NORTH SEA OIL (Aragon)	
3-mo interest	10% (10.5%)	Brent 15-day	17.15 (+1.7)
Life long gilt index	Jan 90 (90.12)	New York	17.15 (+1.7)
		London	17.15 (+1.7)
		Tokyo	17.15 (+1.7)

## Move threatens to send tremors through western commercial property markets O&Y set for insolvency filing

By Robert Peston, Banking Correspondent

OLYMPIA & YORK Developments, the world's biggest property developer with debts of \$12bn, was yesterday about to file for protection from its creditors under Canadian and US insolvency laws.

O&Y would be the biggest company to have made an insolvency filing. The move would send tremors through the North American and UK commercial property markets, which are already gripped by recession.

Senior bankers involved in the company's attempts to stave off collapse said yesterday that O&Y Developments, the parent company, is likely to file for protection under Canada's Companies Creditors Arrangement Act (CCAA) to prevent groups of creditors from seizing assets.

Certain US subsidiaries may also file for similar protection under Chapter 11 legislation. O&Y is likely to make the filing with the support of its main bank creditors, led by Citicorp of

New York, which takes office space at Canary Wharf for thousands of civil servants at a commercially acceptable rate.

O&Y's 100 bank creditors also face big losses on the \$12bn they have lent to the company. However, bankers said they would have been forced to recognise these losses whether or not the company made an insolvency filing.

Mr Paul Reichmann, the publicity-shy founder of O&Y, will remain in charge of the business. He will continue to work with Mr Steve Miller, the partner of investment bank James D Wolfensohn who has been leading the negotiations with O&Y's 100 banks.

O&Y would hope the Canadian and US courts would give them protection from the demands of creditors for up to a year. In that time, they would continue their talks with 100 banks on a proposal to defer principal payments on \$12bn of debt for five years and pay interest on \$4bn of this in the form of new O&Y shares.

Bankers have decided O&Y should seek the protection of the Canadian and US courts because four different groups of creditors are threatening to seize assets and upset the process of restructuring the debt as a whole. If these creditors attempt to obtain control of assets in an uncoordinated way, other lenders to the company may suffer, O&Y and its bankers feel.

The latest blow to O&Y's attempts to keep such creditors at bay was a ruling yesterday in the UK High Court that \$200m owed by O&Y to the US investment bank Morgan Stanley is payable immediately. The debt relates to an agreement made in 1990 between O&Y and Morgan by which the property developer agreed to purchase a long leasehold on Morgan's offices at Canary Wharf.

Although the agreement was between Morgan and one of O&Y's UK subsidiaries, called Rochmore, the liability does not fall on the other Canary Wharf companies but on the parent in Canada. O&Y will decide Wednesday whether to appeal.

O&Y's Canadian operations are also facing demands for an immediate payment of C\$17m in interest from holders of C\$35m of bonds. The bondholders met yesterday in Toronto.

Meanwhile a syndicate of eight banks led by JP Morgan, the US commercial bank, is foreclosing on a \$160m loan secured on a New York property.



Troubled tower: Canary Wharf, right, London Docklands showpiece, has an uncertain future

## Dilemma over future of rail line

By Philip Stephens, Political Editor

UK government ministers insisted last night that they would hold the subsequent owners of Canary Wharf to an agreement to contribute \$400m (\$700m) towards the planned extension of the Jubilee Line underground route if Olympia & York collapses.

But amid clear disquiet about the severe blow it would deliver to the future of the Docklands area, the ministers accepted that the government would face intense political pressure to inject more public money into the area in east London to sustain confidence.

With O&Y seeking protection from its creditors, the government would face an acute dilemma over whether it was prepared to scrap the rail scheme if the banks refused to meet, or sought to scale down the contribution agreed by the developer.

Officials predicted a vigorous cabinet debate before the government agreed on its approach. Mr Michael Heseltine, trade and industry secretary, could be expected to lead calls for an active role in preserving confidence.

Last year Mr Heseltine fought successfully for the routing of the Channel rail link through east London to help spur development of the East Thames corridor beyond Docklands. But the officials said he would face fierce opposition from the Treasury to any increase in direct or indirect spending to support Canary Wharf.

Downing Street said Mr John Major, UK prime minister, was being kept closely in touch with the progress of negotiations between O&Y and the banks. If the property group filed for bankruptcy, his first priority would be to limit the political damage but also to minimise any immediate commitments until the future of Canary Wharf became clearer.

There was little surprise at the suggestion that negotiations

involving O&Y might collapse, but there was acknowledgment in Whitehall that the demise of the developer would mark a severe setback for the government's ambitions for the area.

Ministers said two government departments were still in negoti-

ations about moving civil servants to Canary Wharf. But so far the package offered by O&Y had not satisfied a pledge by Mr Michael Howard, UK environment secretary, that any decision would be made on a strictly commercial basis.

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## Civil unrest in US dents preference ratings for Bush

By Jurek Martin, US Editor, in Washington

CONFIDENCE in President George Bush's ability to manage the severe urban problems of the US is being eroded to the point where it could jeopardise his bid for re-election.

The message of several recent public opinion polls, including one in the Washington Post yesterday, is that the administration's attempt to blame inner city unrest on the liberal Democratic programmes of the 1960s is failing on deaf ears.

The Post survey found 55 per cent ascribing the principal blame to the perceived policies of urban neglect practised by the Reagan and Bush administrations. Two-thirds thought a new approach to urban issues was required, and there was widespread doubt about Mr Bush's ability to produce one.

Governor Bill Clinton of Arkansas, the presumptive Democratic candidate, scored higher than the president as a man more able to deal with problems of race relations, poverty and the cities. Mr Ross Perot, the main prospective independent candidate, outscored both as the man more likely to improve the economy and unemployment, with Mr

Bush last in both categories. This did not much change the national balance of current preferences among the three, which remains almost even. Mr Bush was given 38 per cent, Mr Clinton 29 per cent and Mr Perot 28 per cent, compared with a 36:31:30 split in the Post's April survey.

The Bush campaign had nakedly hoped that the Perot boom would relegate Mr Clinton to third place, thus embarrassing the Democrats. The evidence is that he is drawing from Mr Bush's core support as much as from Mr Clinton's and, in the south-west and west, probably more from the president.

Mr Bush's apparent inability to establish leadership concerns his campaign managers. This explains why he is now spending much time in deprived urban districts, including one in Washington yesterday. But these tours to places he rarely visits are being widely dismissed as little more than "photo opportunities".

His administration continues to dribble out announcements that extra federal funds are being earmarked to repair the destruction in Los Angeles. Even so, the gap between funding and urban demands is growing. The US con-

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## NEWS: EUROPE

# Pöhl accuses Bonn of risking D-Mark

By Andrew Fisher  
in Frankfurt

THE FORMER Bundesbank president, Mr Karl Otto Pöhl, has stoked up fresh controversy about Chancellor Helmut Kohl's economic policies - just at the time when Germany is coming under increasing pressure from strikes and rising budget deficits.

In a book on the Bundesbank written by a German journalist, Mr Pöhl is quoted as criticising the Bonn government for allegedly putting the D-Mark at risk over its policies towards east Germany. He also complains that the chancellor made too many concessions over European monetary union at the Maastricht summit last December.

Mr Pöhl's comments in the book were made in conversation with the author, Mr Dieter Balkhausen, a business journalist with Germany's second television channel, rather than in a formal interview. There is no doubt, however, that the acerbic remarks ascribed to Mr Pöhl fully reflect his bitterness about Mr Kohl's handling of German unification and European monetary union.

Since Mr Pöhl resigned from the Bundesbank at the end of last July, he has avoided commenting publicly on economic policy, partly to avoid embarrassing the government and the Bundesbank.

and Bad Politics, Mr Pöhl is quoted as saying that at a cabinet meeting at the end of 1990 he pleaded for a change of course to prevent state finances and inflation from running out of control.

"But what followed was shameful. Neither were the necessary savings put into motion, nor did the impossibly costly promises diminish." Instead, "the amount of the expensive pledges and announcements increased."

Mr Pöhl makes clear that dissatisfaction with the government was an important reason for his surprise resignation last year.

He is unhappy about the agreement at Maastricht on future economic and currency union in the EC, while political union had still to be agreed. "This is another crash course à la GDR [East Germany] that only the rich brother can make possible," he says.

He points to the huge costs of adjusting living standards in Europe and says this cannot be done in a decade. (At Maastricht, it was agreed that currency union would be introduced around the turn of the century for countries meeting certain economic criteria.)

"A common currency only makes sense when economic, tax, finance, and social policies are really interlinked," he says. Thus his verdict on the events of the past two years is: "Viewed historically, good

times, but the risks are so large that it would almost be a miracle if the D-Mark didn't fall into a severe crisis."

Mr Pöhl charges that Mr Kohl, Mr Theo Waigel, the finance minister, and other politicians agreed to too generous an exchange rate for the old East German Mark for the German currency union of July 1990. The Bundesbank, which had recommended a rather less favourable rate for the east Germans, agreed to the government's wishes under political pressure, Mr Pöhl says.

"The vote of the Bundesbank was misused to stimulate expectations in the GDR and thus improve election chances. But the east German economy could never keep up from the start."

As for his decision to resign, Mr Pöhl, now a partner in the Cologne-based private bank of Sal. Oppenheim, says he probably should have gone in February 1990, when the government proposed German currency union without consulting the Bundesbank - mainly in response to the rising numbers of people crossing the former border to the west.

He says that neither Mr Kohl nor other top coalition politicians pressed him to stay. "They must have thought 'one influential warning voice fewer'."

Only President Richard von Weizsäcker urged him to remain in office.

# Latvia issues parallel rouble

Philippe Legrain and Anthony Robinson look at the 'suicide' steps being taken to cope with currency shortages in the Baltic states

IN A move which the International Monetary Fund calls "economic suicide", Latvia has issued its own parallel currency and other Baltic states are taking similar measures to ease the rouble shortage affecting the former Soviet republics.

Raging inflation has led to an acute cash shortage which the Russian financial authorities - who consider the independent Baltic states as debtor nations - have refused to meet. As a result the payment of wages and pensions is often delayed for months, strengthening the pressure on Baltic governments to replace the hated "occupation rouble".

Latvia responded on May 7 by issuing a transitional currency, the "Latvian rouble", which is legal tender on its territory together with the Russian rouble. Lithuania has made a similar limited step, decreeing that its "Vagnorky coupons" are to serve as rouble substitutes. Estonia has printed its own money, the kroon, but has decided not to issue it for the time being.

The convertibility of the new currencies is strictly limited. They will be used for public-sector wages and payments, but it will be hard to force the private sector to accept them.

"What happens when I pay a 25 rouble restaurant bill with a 200 Vagnorky note?" asked a Lithuanian official. "I doubt I will get 175 roubles change."

Latvian citizens have already dubbed their new currency "white" money.

Visiting French President François Mitterrand yesterday called the continued presence of former Soviet troops in Lithuania "abnormal and shocking", Reuters reports from Vilnius.

Mr Mitterrand, the most senior western leader to visit the Baltic states since they regained independence from Moscow last August, told the Lithuanian parliament: "Fix a timetable, organise a discussion, gain the support

of the other democratic states of Europe and the solidarity of international conferences of free countries so that your freedom of decision and action can be fulfilled."

He said Lithuania's desire to join the European Community eventually was legitimate but added: "Let us not speed things up faster than is appropriate. Let us plan the [interim] time."

is expected to call new elections if he wins a popular mandate from a referendum on an executive presidency on May 23.

In Estonia, the ex-communist government, elected under Soviet law, is under fire from the rival Congress of Estonia, which represents the pre-war republic's citizens and their descendants. Daily pickets outside the parliament building have demanded the death of prominent ex-communists and called for immediate, independently-run general elections. But the top priority of all three governments is to ensure the speedy departure of the estimated 100,000 former Soviet troops from their territory. Russia says it lacks the funds or housing to relocate the troops and the latest round of talks ended in deadlock. The Baltics are counting on western pressure to put urgency into the troop withdrawals but thus far

only the Scandinavian countries have come out openly in favour of the Baltic stance.

"These troops must go," Mr Mauno Koivisto, the Finnish president, said during his recent visit to Lithuania in a statement which marked a shift from traditional Finnish reticence in dealing with the former Soviet Union.

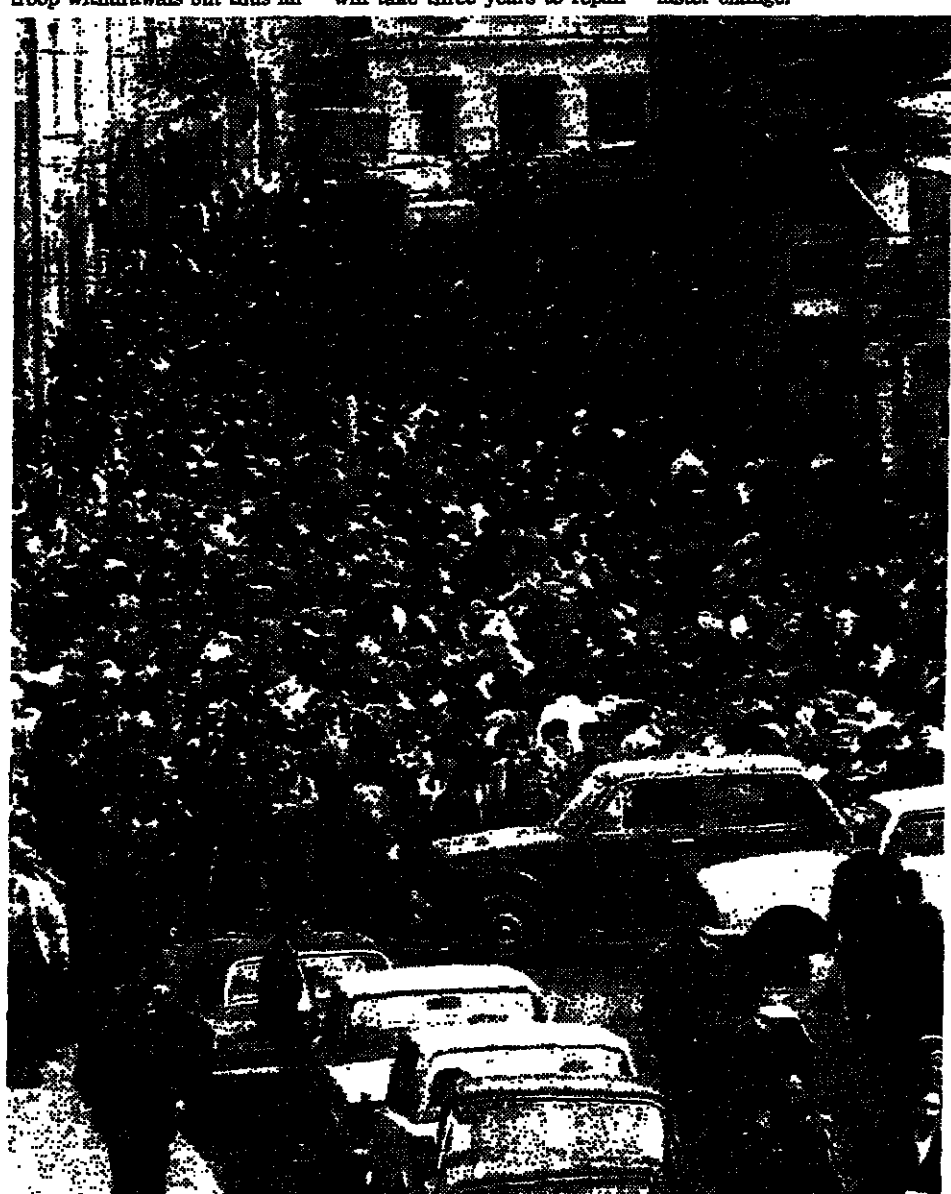
Instead, Russia recently sent new troops into its Lithuanian bases, which led President Landsbergis to accuse Russia of "blatantly disregarding Lithuanian sovereignty". Repeated protests to General Valery Mironov, the local commander of CIS troops, have gone unanswered.

Latvia's mission to the UN meanwhile has accused Russia of repatriating a Lithuanian submarine at Bolderaja dock near Riga in breach of international sanctions. The Russian Foreign Ministry claims the submarine will take three years to repair

and pledged that it would not be returned to Lithuania while sanctions were in force, according to Mr Mihails Štepičevs of the Latvian parliament's commission on defence and internal affairs.

The combination of political, military and economic uncertainty is taking its toll of the reform process throughout the region. Only Lithuania has begun privatising state-owned enterprises, while prices have not yet been completely liberalised and a carousel of subsidies still protects the less well-off.

The old state monopolies try to squeeze the last drops out of the faltering Soviet supply system to keep shops full, although prices are very expensive for local wages and salaries. "The reform process is very slow and the instinctive reaction is still a communist one," said a western diplomat summing up the obstacles to faster change.



Traders overflowing from a flea market block the Moscow traffic yesterday, evidence that capitalism is alive and well.

Mr Andrei Nechayev, the economics minister, said yesterday that the government still intended to make the rouble convertible at a rate of 60 to 80 to the dollar - in spite of doubts voiced by officials at the Russian Central Bank, writes John Lloyd in Moscow.

Mr Nechayev told the news agency Interfax that the rate was "fairly realistic", given the availability of a \$5bn stabilisation fund provided by the IMF and the Group of Seven countries - though he admitted it would bring difficulties for exporters and investors.

Mr Georgy Matukhin, the chairman of the Central Bank and Mr Dmitri Tulin, the deputy chairman, have in the past few days poured cold water on the intention of the government to move to a fixed and internally convertible rouble by the autumn.

Timing the move towards fixing the rouble remains uncertain, given the doubts of the Central Bank - without whose co-operation it could not happen. The Central Bank will itself be in the dock next week, following a decision of the Russian parliament to examine its performance. Many deputies consider it has ceased to be responsive to the will of parliament, under whose jurisdiction it falls.

# CIS tottering ahead of Tashkent summit

By John Lloyd in Moscow

A BARE majority of presidents of the Commonwealth of Independent States are expected at today's CIS summit in Tashkent - an attendance which may foreshadow its disintegration. Five of 11 heads of state have found more compelling reasons to stay away, and are sending lower-level delegations.

Moldova is attending to allow Mr Valery Muravsky, its prime minister, to present

the Moldovan case on the conflict in the self-declared republic of TransDniestr.

Mr Nursultan Nazarbayev, the Kazakh leader, warned that the practice of "mutual threats" between the member states had now reached a "dead end" and said that many leaders preferred "autarchy" to co-operation.

Mr Boris Yeltsin, Russian president, was expected to arrive yesterday afternoon and the remaining five presidents who have said they will turn up - those of Armenia,

Belarus, Kazakhstan, Turkmenistan and Uzbekistan - represent states which are most dependent on Russian resources and/or military protection.

The most important absentee will be President Leonid Kravchuk of Ukraine.

Mr Ayaz Mutalibov, former president of Azerbaijan, was yesterday voted back into power by a large majority in the Azeri parliament. He was deposed by the same body two months ago after reverses in the fighting between Azeris and Armenians.

# UK proclaims faith in Business urged to act on Emu opt-out clause

By Robert Maunier,  
Diplomatic Editor

BRITAIN yesterday proclaimed its strong commitment to the Maastricht treaty providing for a European monetary and political union, while stressing that the treaty's objective was not to create a European "super-state".

In a forthright presentation of the UK's policy to the Konrad Adenauer Foundation in Bonn, Mr Tristan Carl-Jones, the British minister of state for European affairs, said the Treaty was both "good for the Community and for Britain in the Community". He added that the EC "can ill-afford months or years of institu-

tional paralysis at a time when it has heavy responsibilities to shoulder".

At the same time, he was at pains to underline the distinction made in the treaty between the "core functions" of the Community's institutions and those areas, such as foreign policy, immigration and the fight against drugs, terrorism and crime, which remained subject to intergovernmental co-operation.

These were areas which went to the very heart of nationhood. "The Europe we are building must be one which embraces and cherishes national identity as well as European vision," he said.

By Robert Rice in Brussels

FT BUSINESS must take the lead in persuading the British government to sacrifice its opt-out clause on European monetary union, Mr Brian Garraway, deputy chairman of BAT Industries, said yesterday.

He told a joint FT-Lovell White Durrant conference on the impact of EC law and policy that, following the Conservative election victory, the government had the opportunity to assert leadership on European monetary union.

Business would benefit from monetary union through the

disappearance of exchange rate variations between member states, and through the cost savings and efficiency benefits of not having to deal in separate currencies once a single currency was adopted, he said.

However, achieving the prize of monetary union was not just a matter of setting up a central banking system and meeting criteria for economic convergence. The transition would involve direct and indirect costs and upheaval.

"Governments face a massive job in getting the essential support among the public and business for a reform which is vital to the well-being and development of European industry," Mr Garraway said.

## NEWS IN BRIEF

# EC yields to Britain on border controls

By Andrew Hill in Brussels

BRITAIN yesterday persuaded its EC partners to water down a declaration on the abolition of frontier controls, so as not to prejudice its hardline position on the preservation of border-checks on people.

The declaration by internal market ministers outlines the measures which need to be taken to remove barriers to the free movement of goods after January 1 1993.

But Mr Richard Needham, minister for trade, insisted that the draft declaration should be amended to make clear the UK's opposition to the removal of checks on people crossing internal EC frontiers. For example, the text no longer refers to the member states giving priority to the abolition of "all border controls".

# Spanish price rises ease

Spain's cost of living index rose just 0.2 per cent in April marking the first slowdown in inflationary pressure this year, writes Peter Bruce in Madrid. Year-on-year inflation fell from 6.8 to 6.5 per cent - the start, according to the Finance Ministry, of a gradual approach to its inflation estimate for the year of 5.8 per cent.

# Insurance plan approved

The way was cleared yesterday for European Community composite insurers - which combine life and non-life insurance operations - to open branches throughout the EC after July 1994, Andrew Hill writes.

EC ministers agreed the third life assurance directive, although formal approval will have to wait until it has been passed by the European parliament. Earlier EC legislation restricted the rights of composite insurers - mainly British, Italian and Belgian - to establish themselves in other states.

# Genoa hails Columbus

The bets are off whether Italy will have a president in time to cut the ribbon, but whoever performs the ceremony, the city of Genoa will today celebrate the opening of its bid to cast in the Christopher Columbus International Exhibition, Hely Simonsen writes from Genoa.

Genoa's most famous son left his native city for the court of Spain after failing to find sufficient financial backing at home for his expedition to the New World.

Latter-day Italian bureaucracy has meant Genoa's current attempt to mark its most celebrated mariner has also taken second place to Spain, with the international exhibition in Seville to mark the quincentenary of Columbus's discovery opening well ahead of its Genoese rival. But the Genoese, who have had around £700m (£517m) of Italian government money to shower on their event, claim it is not competing with either Seville or Eurodisney, the main European credit-pull.

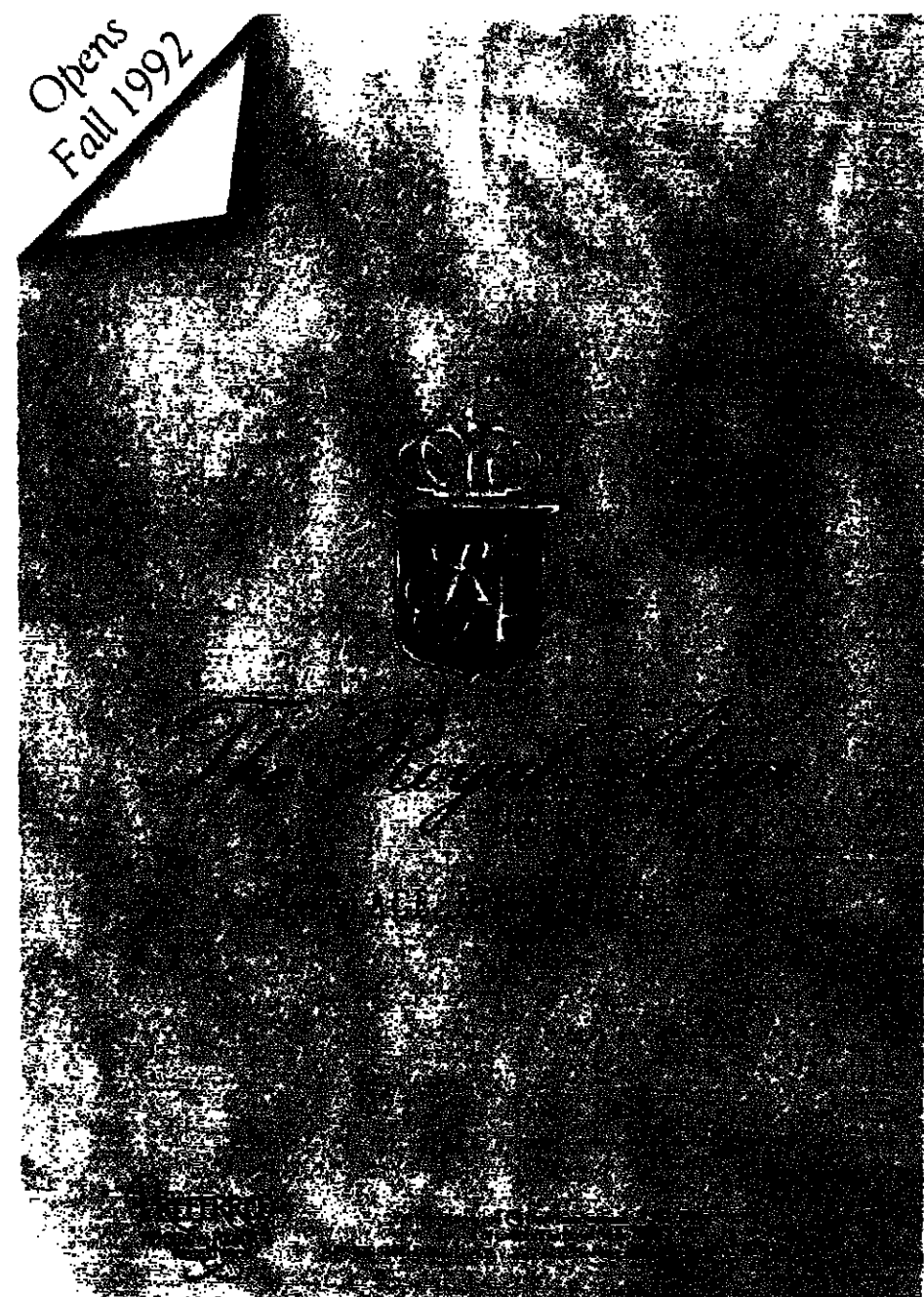
The result has been a worthy, if slightly dull, exhibition concentrating on the wider themes of "Christopher Columbus, ships and the sea" which is somewhat short on fun but long enough on architectural heritage and urban renovation.

The project, over four years in the making, was designed by Mr Renzo Piano, the Genoese architect best known for his part in designing Paris's Pompidou Centre.

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## 'Violent assault on carbon tax' irks di Meana

THE EC has faced a "violent assault from industrial lobbies and the Gulf countries, which even threatened to break off diplomatic relations" following the announcement of its energy tax, Mr Carlo Ripa di Meana, EC environment commissioner, said yesterday, agencies report.

Mr di Meana said the Commission would push ahead with a modified energy tax even if the US and Japan did not impose a similar levy to reduce global warming.

He spoke a day after proposing a tax on non-renewable energy sources, such as coal and oil, of \$3 on the equivalent of a barrel of oil in 1993, rising to \$10 by 2000.

This tax, he said on Wednesday, would be imposed only after the US and Japan agreed to introduce similar measures. However, a lower tax would be levied by the EC if other industrial countries failed to act.

Mr di Meana attributed intense US lobbying against the tax to efforts to make next month's UN environment conference a meaningless event.

"It is vital that Rio is not simply a media event (but yields) concrete decisions with binding obligations to achieve precise targets."

Mr di Meana complained about US lobbying. "Sometimes Big Brother's suggestions go too far," he said, hinting that US diplomats had tried to put undue pressure on him to kill the energy tax.

So far the only public reaction from oil-producing countries in the Middle East has come from the Organisation of Petroleum Exporting Countries (OPEC). Mr Suhroto, the organisation's secretary-general, said yesterday he believed the tax would not be implemented because of opposition from the US.

On Wednesday, Mr Klaus Töpfer, the German environment minister criticized Mr Ripa di Meana for waiting for US and Japanese agreement before imposing the energy tax. He said he wanted Europe to "go it alone in introducing EC-wide carbon dioxide taxes."



Heavy pollution from an east German power station

## Opposition from the US, Japan and the Gulf is intense Tax may run into political sands

By Robert Thomson in Tokyo and David Lascelles in London



THE EC's proposal on the introduction of an energy and carbon tax could run into the sands over whether it remains conditional on the US and Japan adopting similar measures.

The Bush Administration is considered most unlikely to adopt a carbon tax. Aside from the fact that Mr Bush is fighting an election this year, his administration has staunchly resisted pressures for a fiscal solution to energy and environmental problems.

The US aversion to deadlines on emissions controls was highlighted by Mr Bush's earlier wavering on whether to attend the Rio Earth Summit. He made his attendance conditional on a redraft of the treaty on climate change to exclude specific deadlines for emission controls. The US is the only major industrial nation which has not adopted the year 2000 deadline to reduce emissions to 1990 levels.

Instead of taxes, the US strategy is based on a range of specific measures, such as

tightening efficiency standards for equipment, and promoting energy efficiency audits.

The question, however, is whether the US can make progress on these fronts without an energy tax. Last week the Washington-based Institute for International Economics concluded taxation should form a key part of any strategy to combat global warming.

The Japanese government, keen to take a high political profile on environmental issues, was caught out of step by the Commission's approval of such a tax on Wednesday.

Debate is continuing within Japanese ministries over an energy tax, but two of the more powerful, the ministry of international trade and industry (Mitl) and the ministry of transport, have generally opposed a tax that would increase fuel costs for industry.

Their concerns were reflected in Japanese delegates' insistence that the Tokyo Declaration, issued last month at a UN-sponsored eminent persons' meeting on the environment, contain only an ambiguous reference to energy taxes and emphasise the importance of economic growth.

It will take the direct intervention of Mr Noboru Takeshita, the former prime minister



Carlos Ripa di Meana: angered by heavy pressure

and faction boss chief, who has made the environment his territory, to settle an inter-ministerial debate on energy taxes that has so far lasted more than three years.

A month ago, Mitl insisted that government discussion of an energy tax was "only informal", but last night the ministry said such a tax was "under consideration". Some Japanese officials argue that the country has already made a contribution by agreeing to "freeze" carbon dioxide emissions at the 1990 level by the year 2000. However that ambiguous policy

includes a per capita "freeze", which has allowed Mitl to set a separate target for an 8 per cent increase in emissions until the end of the decade. The target is based on projected annual GNP growth of about 3.6 per cent.

The Environment Agency is in favour of an energy tax, and has suggested a sliding scale of charges that would reflect the amount of carbon dioxide emitted. The finance ministry is apparently not opposed to doubling the present petrol tax from Y2.4 to Y4.8 per litre, raising about Y400bn that could be spent on environment protection.

Elsewhere in Europe there are fears the EC tax is already in serious trouble. In the Netherlands, which strongly favours using taxation for ecological ends, Mr Hans Alders, the environment minister said: "The more countries that participate, the better it is...but to make it dependent on US and Japanese participation means nothing will get done," he said.

Mr Ken Collins, chairman of the European Parliament's environment committee, said after the decision that he had decided to cancel his attendance at next month's Earth Summit in Rio. He described the event as "a sham".

## Industry doubtful but resigned

By Our Industrial Staff

INDUSTRIAL reaction to the carbon tax proposal yesterday was mixed. Heavy consumers of energy winced at the added costs, but the majority adopted a resigned approach, expressing doubt that the impact would be as great as feared.

Many companies argued that the tax was misdirected. Greater energy savings could be achieved by, for example, investing in measures to clean up eastern Europe.

National Power, the UK electricity generator which is one of Europe's largest coal consumers, said it did not believe the proposal was either practical or appropriate. "There are other ways of achieving emission reduction targets," it said.

The airline industry emphasised that it had no alternative to jet fuel and that a carbon tax would inevitably be reflected in increased fares.

Airlines also stressed that civil aviation only accounts for about 2.5 per cent of total CO<sub>2</sub> emissions and that significant advances have been made in fuel efficiency.

British Airways, for whom fuel accounts for 12.5 per cent of costs, argued that revenues from such a tax should be used to help improve the infrastructure of civil aviation, especially air traffic control. The tax could encourage airlines to "tank" fuel outside the EC with the risk of increasing further CO<sub>2</sub> emissions.

Ford yesterday took a lead in proclaiming itself in favour of the EC proposals. "We have long supported the concept of a carbon tax as one of the most immediate and effective actions that can be taken in terms of environmental protection," it said.

On the face of it, however, the tax has to be bad news for the vehicle industry. Lower mileages as a result of costlier fuel could be expected to slow the rate of vehicle replacement. A trend to smaller, lighter vehicles would be accelerated, to the detriment of large, executive and luxury cars which traditionally provide their manufacturers with much more profit per unit.

However, Ford and other car makers have been indicating for some time that they regard both trends as long-term inevitabilities even without the CO<sub>2</sub> issue, as oil becomes an increasingly scarce commodity. The freight transport industry believes a carbon tax at the level suggested will have little effect on fuel consumption. "Fuel costs are so high that economy is already a top priority," said the UK Freight Transport Association.

In the oil industry, some company executives said the tax would be impractical and unlikely to achieve its aims of reducing emissions. Shell, which has taken a high profile on environment issues, said it was too early to comment as the tax was being discussed.

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**The Daily Telegraph**

## NEWS: WORLD TRADE

## Nynex in plan for Japan-UK cable link

By Martin Dickson  
in New York

A CONSORTIUM of international investors, led by Nynex, the north-east US regional telephone group, is considering installing the world's longest undersea fibre optic telecommunications cable, costing \$1bn (\$265m) and stretching from Britain to Japan.

The group will outline plans next week to officials from many leading telephone companies. It aims to hold a further meeting in the autumn, to try to persuade the companies to buy capacity on the cable.

Nynex stressed that the project was still in the early planning stages, with details of the cable's route, landing points and financing still to be worked out.

Other members of the consortium are Marubeni, the Japanese trading company, Dai-ichi Kangyo Bank, a Saudi Arabian bank, and Gulf Associates, a New York-based firm specialising in Middle Eastern business.

Some 95 per cent of the telecommunications traffic between the UK and Japan currently goes by satellite. The only cable linking the two regions via the Middle East is one between Singapore and France. This is a co-axial cable, which is less efficient than fibre optic cable. However, a second fibre optic cable is being built.

The proposed Nynex cable would have much greater capacity than the Singapore ones. Its 120,000 circuits would be capable of carrying 600,000 simultaneous conversations. Fibre optic signals are much clearer than satellite ones, and do not suffer from time delays.

The Nynex venture, known as Fibreoptic Link Around the Globe (Flag), would aim to complete the cable in 1996. It would have 14 landing points along the route.

Nynex, one of the "Baby Bell" telecommunications companies formed from the 1984 anti-trust break-up of American Telephone and Telegraph, has been conducting feasibility studies for two years.

## Polish tariffs biased to the EC, says US

By Nancy Dunne in  
Washington, David Buchan in  
Brussels and Louise Kehoe in  
San Francisco

POLAND and other eastern European countries seeking European Community membership are erecting trade barriers to non-EC goods, according to US government and industry officials.

US computer makers and government officials are accusing the EC of encouraging the erection of trade barriers in eastern Europe to the expense of US and other competitors.

"What has occurred in Poland, and appears likely to happen in Czechoslovakia and Hungary as well, is that at the EC's urging, Poland has adopted measures that create a major tariff wall clearly designed to block out US and other non-EC goods in favour of EC products," says the Computer and Business Equipment Manufacturers Association (CBEMA).

Poland eliminated or reduced import tariffs on EC goods in March under the interim trade provisions of its association agreement with the EC. In August, Poland imposed import tariffs averaging 20 per cent on a range of products that previously were duty-free, including computers, telecom-

munications equipment, pharmaceuticals, farm products and chemicals.

US computer manufacturers are taking the lead in seeking redress. They claim that Poland has created a "discriminatory" tariff regime. The industry is also angered by "local content" rules that require 60 per cent of the components of a computer or telecommunications system to be made in the EC to avoid the Polish tariffs.

Even European-based manufacturers may find it difficult to comply with this rule because the US and Asia are the primary sources of electronic components. The trade and commerce departments say attempts so far by Mrs Carla Hills, the US trade representative, and commerce secretary Ann Franklin, to raise the issue with Warsaw have been rebuffed.

A senior US trade official criticised the EC for what is seen in the US as its failure to uphold a "gentleman's agreement" that neither side would seek to benefit from the effort to aid the emerging east European democracies through trade. The issue threatens to become another in the lengthening queue of trade disputes between the US and EC.

The US is insisting that Poland lower its tariffs before it renegotiates the terms of its

membership of the General Agreement on Tariffs and Trade (GATT). The US may also bring its complaints to GATT when the terms of the EC-Polish association agreement are examined, or request a dispute settlement panel.

The US may deny Polish products duty-free treatment under the Generalised System of Preferences for developing countries unless the issue is settled.

"Over half their trade comes in [to the US] duty-free," the trade official said. "We have been doing a major review to eliminate the barriers to Polish trade. But it's hard to defend this when our exporters are facing huge differentials, and the Poles are refusing to talk to us about it."

EC officials said any increases in central European countries' tariffs were unrelated to their recent free trade agreements with Brussels, but were part of their general move to a free market and to greater use of tariffs to regulate their trade.

The Brussels officials said the EC's free trade accords with Poland, Czechoslovakia and Hungary were compatible with GATT, and if the US wanted lower tariffs in these countries, it, too, should negotiate a free trade arrangement with them.

## UK store's surprise Russian profit

By Ian Hamilton Fazey

LITTLEWOODS, the British clothes, mail order and retail group, is forecasting an unexpected £1m profit from its pioneering St Petersburg stores this year. It is to plough the money back into expansion because it will not be able to remit it back to the UK. The group says there is immediate room for four more stores in St Petersburg and it is looking at moving next into Moscow and Kiev.

However, Mr Des Pitcher, the group's chief executive, warned that growth would depend on political stability in Russia. He said demand was strong and accounted for a level of success that had been greater and achieved faster than anyone expected.

Littlewoods, which runs 250 shops in the UK, opened two stores in St Petersburg last year. One trades in hard currency and offers the full range of Littlewoods goods on sale in western Europe. The other, in the famous Gostini Dvor department store on Nevsky Prospekt, sells Russian-made goods for roubles.

The Gostini Dvor goods are made by the Mayak Tailoring Association under Littlewoods' supervision as part of a joint venture arrangement.

Mr Pitcher said Mayak was now making clothes for the hard-currency store as well as the rouble one, but they could be bought at a discount in hard currency. Hard-currency cash flow was used to buy the raw materials for Mayak's manufacturing operations.

The £1m surplus was being generated in roubles by the Gostini Dvor store. "We cannot remit these funds, so we shall be using them to expand. We viewed this whole venture as a trial and would have been happy if it had just washed its face financially, so we are very pleasantly surprised."

The company has invested about £700,000 in the project so far. The St Petersburg operations are small, involving floor areas of less than 10,000 sq ft each, with frequent queues outside.

## Czechs go globe-trotting to end Euro-dependency

Ariane Genillard and Anthony Robinson chart the search for markets beyond old allies and the EC

THE SEARCH by Czechoslovakia for new markets last month took President Vaclav Havel to Japan and South Korea while his prime minister, Mr Marian Calfa, set off for South Africa at the head of a 50-strong delegation of Czech and Slovak businessmen.

Such top-level globe-trotting reflects the urgency of finding new export outlets to replace the former high dependence on Soviet trade. But it also marks a desire to re-establish a presence in global markets beyond the European Community and attract new investment to update Czechoslovakia's product range and increase the attractiveness of its exports.

Until this happens the country remains locked into its existing pattern of exporting a wide range of relatively low- or medium-technology engineering and consumer goods while importing energy and raw materials from the former Soviet Union and more sophisticated investment and consumer goods from the west.

Despite these product limitations, willingness to trim margins and easier access to the EC and markets of the European Free Trade Association (Efta) have already made western Europe the main market for Czechoslovak exports. This has helped offset the loss of the former Soviet bloc trading system Comecon, which accounted for 61 per cent of overall trade in 1989 but less than 30 per cent last year.

Growth in trade with the west however has not yet been strong enough to compensate fully for the collapse of Comecon.

Total exports of 321bn koruna (\$11bn) in 1991 were 94 per cent of their 1990 level and nearly 30 per cent down on the \$14.3bn of 1989. Imports have shrunk even more sharply to \$10.1bn from \$13.2bn in 1990.

Lower imports reflect both a recession which cut gross domestic product by nearly 15 per cent last year and the shift away from energy-intensive, polluting heavy industry.

Imports of crude oil from Russia, for example, dropped from 16m tons in 1989 to 11m tons last year. With imports dropping faster than exports, Czechoslovakia's balance of trade recorded a 26bn koruna surplus in 1991.

The collapse of exports to the former Soviet Union in particular has deepened the domestic recession, especially in Slovakia with its heavy concentration of arms factories and other plants geared specifically

for two-thirds of the estimated \$800m foreign capital invested in Czechoslovakia last year, took 19.4 per cent of Czechoslovak exports and supplied 20.1 per cent of all imports in 1991. It is expected soon to replace the former Soviet Union as the largest single export market.

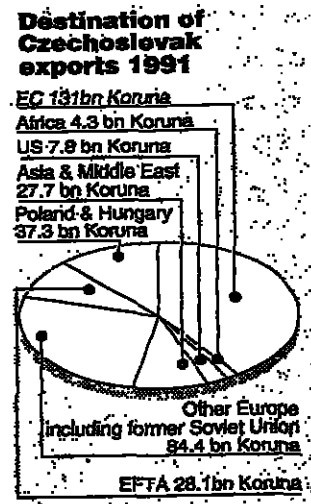
But the influence of the German-speaking world does not stop with Germany. Austria and Switzerland are also becoming important trading partners. In 1991, Efta, of which they are members, accounted for 10 per cent of Czechoslovakia's total trade. Business with Efta countries is expected to be boosted by a recent trade agreement which takes effect on July 1.

But, as indicated by the official visits to Asia and Africa, and the opening soon of a trade office in San Francisco to supplement existing offices in New York and Washington, Czechoslovakia is also looking further afield.

Until now trade with the Pacific rim countries has been minimal. Czechoslovak exports to Japan for example were a mere \$71m last year, mainly traditional consumer goods such as Bohemian glass and porcelain and hops for brewing Japanese beer. Exports to South Korea were only \$2m.

Japan traditionally likes to boost trade links before following up with investment, and in the long run the main purpose of the high-profile state visit to both Japan and South Korea was to raise Czechoslovakia's profile as a profitable venue for investment.

Africa was also neglected under the old regime, with trade limited mainly to shipments of military material in obligatory support of Moscow's support for revolutionary regimes. The visit to Pretoria last month was recognition that if political developments allow South Africa to become the dynamo for the economic regeneration of southern Africa, a new market would be created in which Czechoslovakia would also intend to participate.



Source: Czechoslovak Trade Statistics

to the old Soviet market.

Within the lower overall volume, however, trade with EC markets grew strongly, to account for 40.7 per cent of Czechoslovakia's total exports last year compared with 24 per cent in 1988. A third of imports came from the EC, against only a quarter from the former Soviet Union, although imports from the former Comecon countries as a whole were virtually identical to the EC share at 32.2 per cent of the total.

The trend towards ever closer integration in the EC is expected to continue as Czechoslovakia, along with Hungary and Poland, reaps the benefits of a recently signed association agreement with the EC.

Germany, which accounts

## Boeing in big Malaysian deal

By Paul Betts,  
Aerospace Correspondent

MALAYSIA Airlines yesterday placed firm orders worth \$600m (\$339m) with Boeing of the US for 17 737-400 twin engine aircraft.

The deal comes at a time when general demand for narrow-body jets remains sluggish. Boeing plans to reduce monthly production of 737s from 21 to 14 aircraft from October, to adjust to the weaker market.

The deal with Malaysia Airlines involves 12 new orders for 737s and the conversion of five earlier options. It brings to

45 the number of 146-seater 737-400 jets the Kuala Lumpur carrier has ordered, making it Boeing's biggest airline customer for this aircraft.

The airline plans to use the new aircraft to expand its domestic and regional services.

The new aircraft will be powered by CFM56-3 engines made by the CFM International joint venture between General Electric of the US and Snecma of France.

Boeing has also delivered the last of its 707 Awaacs (Airborne Warning and Control System) aircraft to the Royal Air Force. Production of the 707 Awaacs ended last year and Boeing is

now offering a militarised version of its twin-engine 767 airliner as the future Awaacs airframe.

Rolls-Royce jet engine sales to China have been boosted by an order for three Fokker 100 aircraft from China's Civil Aviation Administration (CAAC).

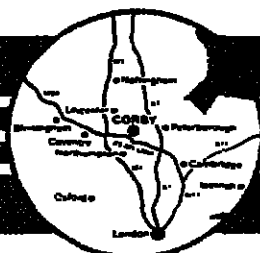
The UK group will supply 550 engines to power CAAC's twin-engine Fokker 100 airliners.

The deal follows an earlier CAAC order for seven Rolls-Royce-powered Fokker 100s two months ago. China plans to use its new fleet of 100-seater Fokker aircraft on domestic and regional routes.

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## NEWS: INTERNATIONAL

## Seoul adds to Hyundai squeeze

By John Burton in Seoul

THE South Korean government yesterday threatened new credit sanctions against Hyundai a day before Mr Chung Ju-yung, the founder of the conglomerate, formally launches his independent presidential campaign.

The Office of Bank Supervision (OBS) said it would bar Hyundai from making new investments or acquiring real estate unless it collects Won202.7bn (\$145m) Hyundai lent to the Chung family earlier this year.

The Chung family is believed to have used the funds to help finance creation of the Unification National party, which is expected to nominate Mr Chung today as its candidate in the December presidential election.

Hyundai recently promised it would recover the loans by the end of the year, but the OBS said the money should be repaid by this summer.

Hyundai has suffered credit restrictions as a result of the dispute. It believes that it recently lost a contract to build the Tsing Ma bridge for the Hong Kong airport project because the squeeze on its credit undermined confidence in its financial position.

## Islamic bank opens in Jakarta

Indonesia's first Islamic bank opens today with the express support of President Suharto and other leading members of the government. Bank Muamalat Indonesia will not offer interest rates but will instead pay "profits" accrued from deposits, writes William Keeling in Jakarta.

"It's a sham, really. Profit payments are interest rates under a different name," said one local banker. Critics argue that the timing of launching the bank, which has a capital of Rp100bn (27.6m), is designed to boost the Islamic credentials of the ruling Golkar party in the first week of an election campaign.

## Rise and fall of Bombay 'upstart'

By David Housego in New Delhi

TO MILLIONS in Bombay, the success of Mr Harshad Mehta in making the jump from low-paid office clerk to financial magnate, and self-proclaimedly largest taxpayer in the country, has provided proof that there is an escape from urban squalor.

But Mr Mehta is now under investigation by police for alleged improper use of money from the interbank market in government securities to fund his equity dealings. His rise and fall mirrors the best and the worst of the Bombay stock market.

As the market climbed this year from under 2,000 on the Bombay Stock Exchange 30-share index to a peak in April of 4,467 largely under the pressure of Mr Mehta's relentless buying (yesterday it closed 3,655 lower at 3,394.48) he became the symbol of the path

to easy wealth. In Bombay's rather stuffy financial community, he was an upstart. The son of a cloth trader, he was proud of having done badly at school and college. He mocked the Indian education system by describing himself as a "B Com. 37 per cent".

He quit working for an insurance company in 1982 and said up a portfolio investment company called by the characteristically aggressive name of Growmore. He liked the wealth that came from success - buying a large fleet of cars, and installing himself in a bungalow overlooking the sea that has a small golf course attached.

The establishment eventually accepted him. Shortly after being raided by income tax officials, he was invited by state-owned television to offer his budget night comments. He was immensely well-connected among politicians,

bankers and senior civil servants - buying and selling shares for them in transactions that could now come under close scrutiny.

He became a legend for the way he could push up share prices. He focused on what he considered undervalued shares and stuck with them.

He purchased 5 per cent of Associated Cement Corporation - helping to push up its share price from Rs350 at the beginning of 1991 to an April peak of Rs1,500. He bought similar 5 per cent portfolio stakes in other groups such as Apollo tyres or Purnima luggage - driving up their price as well.

Part of Mr Mehta's success was that he knew the inner mechanism of an archaic market structure. The other reason was that he never seemed to lack funds.

Last month part of the reason for this emerged when State Bank of India, the largest

commercial bank, discovered that it had paid out Rs2.2bn (122m) for securities or bank-ers' receipts (promissory notes in the interbank securities market) which it had never received.

State Bank then forced Mr Mehta to settle his account - a move that showed up the strains in Mr Mehta's finances.

He seems to have turned to help from National Housing Bank, headed by Mr M J Pherwani, who has since resigned. A large cheque issued by National Housing Bank to ANZ Grindlays, India's biggest foreign-owned bank, was endorsed on the back to be credited to Mr Mehta's account.

Mr Mehta is a quiet 37-year-old, full of charm. He holds his own in conversation, partly because of the power of his wealth. But his police investigators hover around him, he will have great difficulty in preserving all that he has gained.

## Pakistan raises tax base to cut budget deficit

By Farhan Bokhari in Islamabad

THE Pakistani government yesterday announced an annual budget containing new taxes to narrow its deficit while claiming that it intends to carry on with liberalisation of the economy.

The measures did not appear to hit ordinary poor Pakistanis directly, as costs for domestic consumption of basic needs including food, electricity and water were untouched.

Among measures announced to raise additional revenues of PR8.8bn (152m) under the central excise budget, telephone call rates were raised by some 30 per cent.

A 5 per cent duty was also introduced on unprocessed fabrics exported from Pakistan. An additional tax was

announced for owners of cars of over 1,000 cc to encourage use of smaller vehicles.

Mr Sartaj Aziz, finance minister, said in his budget speech that the government intends to widen the sales tax net.

Computerisation is to be used to improve efficiency of the tax system to broaden the tax base. Successive Pakistani governments have been unable to prevent large-scale tax evasion due to widespread corruption in assessment and collection systems. The government hopes for an additional PR3.62bn annually from improvements in collection of income, wealth and property taxes.

Some incentives were also announced for the private sector, in an effort to continue with liberalisation of the economy. The budget provided

details of a five-year plan under which a tax rate of 68 per cent for banking companies would be reduced to 65 per cent, and for publicly held companies from 44 per cent to 30 per cent. Tariffs ranging up to 90 per cent were reduced by 10 per cent on import of refrigerators, televisions and washing machines.

Yesterday's budget appeared to be an attempt by the two-year-old government of Mr Nawaz Sharif to avoid measures which would be unpopular among the majority of the population. Most Pakistanis are not likely to be hit by such measures as increased telephone costs or car tax.

But the government appeared to have made no headway on difficult decisions such as cutting the large defence budget.

## Philippines election

## Ramos, Santiago still level

By Jose Galang in Manila

THE BATTLE of nerves among leading candidates in last Monday's Philippine general election heightened yesterday as counting of votes proceeded at a snail's pace.

The camp of Mr Fidel Ramos, the administration-backed candidate for president, yesterday claimed it would fortify its slim lead over Mrs Miriam Defensor Santiago once the returns from nine of the country's 13 regions were tallied.

Mr Ramos' Lakas-National Union of Christian Democrats party said Mrs Santiago's lead in metropolitan Manila and other urban centres, which was reflected in the early returns, could easily be offset by Mr Ramos' winning margins in the nine regions.

Mrs Santiago, on the other hand, said yesterday that the votes from the countryside "will further widen" her lead in the Media-Citizens Quick Count, an independent tabulation sanctioned by the watch-

dog Commission on Elections (Comelec). Other estimates have put Mr Ramos slightly ahead.

The camp of Mr Eduardo Cojuangco, placed third in the count, yesterday also expressed confidence of emerging winner in the final tally.

Vice President Salvador Laurel, who was trailing in the seven-member field, conceded defeat. Mr Ramon Mitra, the Speaker of Congress, also acknowledged he had no real chance of success.

## Libya 'to renounce terrorism'

LIBYA claimed yesterday that it was renouncing terrorism but again refused to hand over the two men accused by the US and Britain of responsibility for bombing a PanAm aircraft over Scotland in 1988 which killed 270 people, writes Our Middle East Staff.

Mr Ibrahim Mohammed Beshari, Libyan foreign minister, said in Indonesia, where he is attending a meeting of the

non-aligned movement, his country's laws prevented extradition of the two suspects. A foreign ministry statement issued in Tripoli referred only to the second part of UN Security Council's Resolution 731 which called on Tripoli to cut all links to terrorist groups.

Libya's failure to comply with the first part of the resolution, demanding the extradition of the two suspects, led to the imposition of sanctions last month which cut its international air flights, imposed an embargo on arms sales and scaled down diplomatic representation.



Residents of Phola Park squatters' camp run away from teargas fired during a police and military raid on the camp, an area of continuing factional violence in the black township of Tokoza, near Johannesburg

## Tortuous undoing of apartheid

Patti Waldmeir on South Africa's complex constitutional 'summit'

"Fine to warm, with storms brewing."

THAT was how Mr Thabo Mbeki, one of the chief constitutional negotiators of the African National Congress, characterised the prospects for success at talks today on the political future of South Africa.

When white, black, coloured and Indian South Africans meet today at the Convention for a Democratic South Africa (Codesa), the multi-party forum shaping the country's constitutional future, they will be tackling the central questions of post-apartheid politics: how will power be distributed in the new South Africa? Will there be majority rule or power-sharing?

By Saturday night, the 19 parties to Codesa may have agreed to form a multi-racial interim executive which would bring blacks to power for the first time in 380 years. Such a government would include the ANC (the largest black group), the ruling National party (which represents most whites and probably a majority of coloureds and Indians), and the powerful Zulu party Inkatha, as well as parties from the nominally independent black "homelands", the liberal Democratic party and smaller ethnically-based parties. It would remain in office until elections were held for an interim national assembly, probably next year.

But before they can strike a deal on the interim executive, the 200-odd delegates to today's plenary session of Codesa must either resolve the issue of how a new constitution is to be drawn up - or agree to differ on it for the moment. The bottom-line positions of the two main parties - the National

party, which continues to demand what would in effect be a white veto in the constitution-making body, and the ANC which wants decisions taken by a two-thirds majority - reveals a big gap which they were yesterday frantically attempting to close.

Since last December, five Codesa working groups have met for at least two days weekly to seek agreement on removing obstacles to free political activity, on interim government, on the shape of a

the judiciary with appropriate checks and balances, proportional representation, and an end to racial discrimination. The Inkatha Freedom party, which refused to subscribe to the declaration last December, has now said it will sign, after an amendment which raises the possibility of federalism.

Since then, the working groups have agreed to restore South African citizenship to the residents of the homelands of Transkei, Ciskei, Venda and Bophuthatswana, and agreed

months. But the ANC has said it will block it until agreement is reached on the constitution-making body which would both draw up a new constitution and make ordinary laws during the transition to democracy. That may be within reach today and tomorrow, but only by postponing the most contentious issues - the powers of regional government, the supreme authority of central government, joint control of the security services - until later.

Yesterday the two sides were still fighting over the size of the majority needed in the constitution-making body. The ANC wanted that body to take decisions by a two-thirds majority, while the National party is demanding a 75 per cent majority, which would in effect give it and its allies (whites and other conservatives), a veto over the constitution.

Though the percentages appear close, the dispute is substantive: the final figure will determine whether blacks have the power to write what is essentially a majority-rule constitution, or whether whites and other minorities can entrench minority protections.

If talks break down, the ANC will probably mount a campaign of mass protest, including a national general strike, which will lead to more civil disruption.

The National party, for its part, may increasingly buckle under the pressure. But in the end, both parties concede they will return to the negotiating table with the same political problems to solve, the same backlogs of economic development, the same burden of joblessness - and even less time in which to solve them.

## The deliberations have alternately baffled and bored ordinary South Africans. This plenary will determine whether there is breakdown or breakthrough.

constitution-making body, on the future of the homelands, and on implementation.

They have spawned sub-committees, technical committees, steering committees and management committees, which have struggled for thousands of hours to reach consensus. Their deliberations, reported in confusing detail in the local press, have alternately baffled and bored ordinary South Africans. And though they can claim to have made progress, only the upcoming plenary will determine whether there is breakdown or breakthrough.

On some important issues, consensus has already been achieved. At the first plenary session of Codesa last December, the two sides agreed on a "declaration of intent" which committed them to a multi-party political system with "freedom, equality and security for all", an independent judiciary, a bill of rights, separation of powers among the executive, the legislature and

"in principle" that they should be re-incorporated into the republic (though the wording is vague and the deal fragile).

They have agreed on the structure of the interim executive, to be called the Transitional Executive Council (TEC), which would include a representative from each of the 19 Codesa parties and take decisions by an 80 per cent majority.

The council would be a sort of "super cabinet" with powers to compel the existing cabinet (which would remain in office) to comply with its decisions. But its scope would be limited: the council would not run the government but deal only with levelling the political playing field in the run-up to multi-racial elections, ensuring joint control over the security forces, the state media, the electoral process and some aspects of foreign affairs.

The council, which would be appointed by Codesa, could take office within two or three

## Keating 'hampered corruption probe'

By Kevin Brown in Sydney

THE FUTURE of two senior members of Australia's federal Labor government was in doubt yesterday after Mr Paul Keating, the prime minister, demanded a written account of their relationship with a businessman facing criminal charges in the Marshall Islands.

Separately, Mr Keating was accused by a Western Australian royal commission of hampering investigations into alleged corruption between Labor politicians and local businessmen by blocking access to tax records. The allegations mark the end of a five-month honeymoon

period during which Mr Keating has increased Labor's opinion poll rating to within three percentage points of the opposition conservatives. The government trailed by 18 points when he replaced Mr Bob Hawke in December.

The most serious allegations revolve around Senator Graham Richardson, the transport and communications minister, whose brother-in-law, Mr Greg Symons, is on trial for forgery in the Marshall Islands, a US protectorate in the Pacific.

Mr Richardson admits meeting Mr Symons in his office, writing a letter of introduction for him, and telephoning Mr Amata Kabua, Marshall Islands president, after Mr

Symons was arrested. It later emerged that Senator Kerry Sibra, Senate president, wrote to the Australian embassy in Washington in November, urging the diplomatic service to help arrange meetings for Mr Symons with US officials.

Both senators deny wrongdoing, but the affair has embarrassed the government and left Mr Keating open to allegations of protecting political allies. All three belong to Labor's dominant right wing. In Perth, Mr Tony Templeton, the counsel assisting the royal commission, said investigations into the collapse of Mr Laurie Connell's Rothwells merchant bank had been limited by Mr Keating's refusal to

allow access to tax records. Mr Keating said he had refused access on the advice of Mr Trevor Boucher, the tax commissioner. He also claimed the information could have been acquired through the police. The commission says that would have been illegal. Mr John Hewson, federal opposition leader, accused Mr Keating of protecting Labor politicians implicated in the collapse.

The opposition also contrasted Mr Keating's refusal with his decision to allow access to tax records by the 1987 Fitzgerald royal commission into corruption in Queensland - a state then run by the conservative National party.

## It's great to get a good review...

## The Report

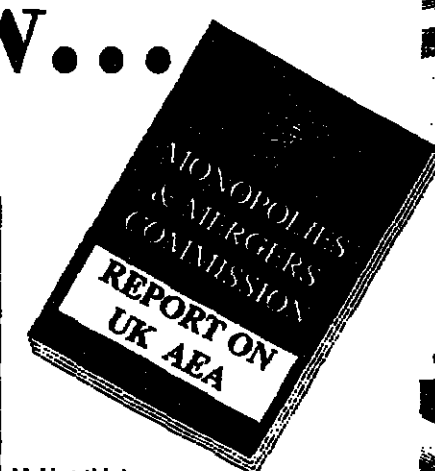
This week's report by the Monopolies and Mergers Commission on the service provided by the UK Atomic Energy Authority (trading as AEA Technology) makes welcome reading. It acknowledges the radical changes we are making and identifies improvements that will help us to develop further to meet our objective of being the world's leading supplier of advanced technology solutions.

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As the Atomic Energy Authority we were instrumental in the development of the UK's civil nuclear power programme. There we worked at the forefront of the most technically demanding fields in the application of science and engineering.

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## Partial reprieve for spotted owl in logging lands

By George Graham  
in Washington

THE US administration yesterday gave a partial reprieve to the Northern Spotted Owl, but proposed sharp reductions in the conservation areas set aside for the threatened species.

It also agreed to allow logging in a portion of the ancient Oregon forest that provides the bird's habitat.

The Endangered Species Committee (known as the God Squad because of its power to condemn a species to extinction if it sees a greater public interest) agreed to let the federal Bureau of Land Management sell timber on 13 parcels of land, although logging there might jeopardise the existence of the owl.

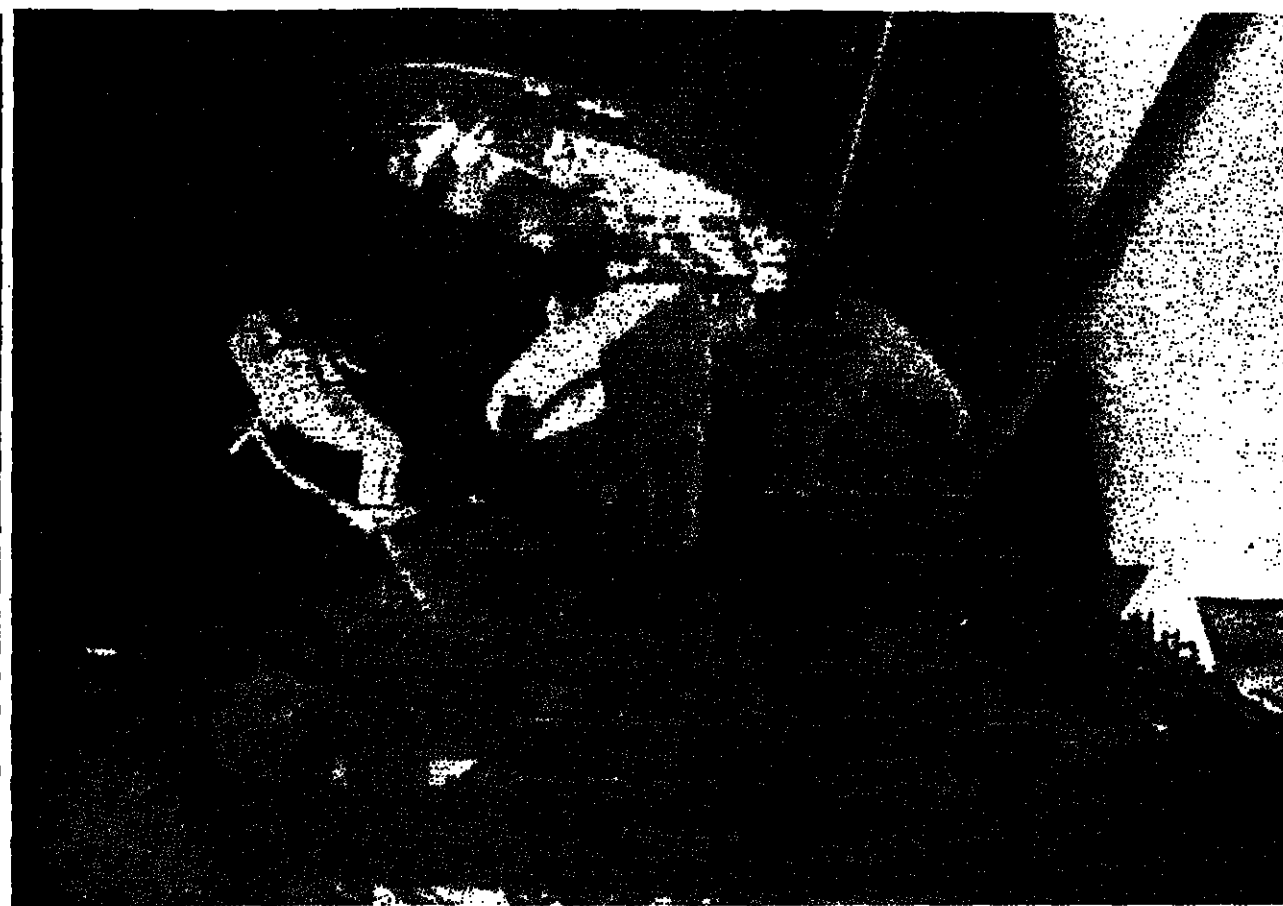
Only once, in 1978, had the committee overruled the requirements of the Endangered Species Act by granting such an exemption.

Also, Mr Manuel Lujan, Interior Secretary, proposed a plan

he said would stabilise the spotted owl population, but would cut the federal land set aside for the birds from 5.4m acres to 2.8m acres. An alternative plan, which would have aimed merely at preserving the owl population but at restoring its numbers, would cost 32,000 jobs in the region, the Interior Department said.

"Our preservation plan takes a common sense, middle ground approach that will save more than half of the 32,100 timber industry and related jobs that would be lost through strict compliance with the Endangered Species Act," Mr Lujan said. "It will give us a better than even chance that the owl will be preserved for the next 100 years."

The fate of the spotted owl has become the focus and the symbol for the conflict between jobs and environmental protection in the north-western US, which is heavily dependent on the timber industry.



HIGH-TECH HUNTERS: Astronauts Richard Hieb, Tom Akers and Pierre Thnot manoeuvre the errant Intelsat satellite in space

## Satellite in line for new orbit

By Nancy Dunne in Washington

INTELSAT was last night preparing to move its \$157m telecommunications satellite into the required orbit after its rescue by US astronauts during the first three-man space walk.

The mission to save the satellite has brought NASA, the US space agency, its most sensational success since its reorganisation after the explosion of the shuttle Challenger in 1986.

Questions will be raised about the level of risk involved for the three spacewalkers in performing a commercial venture, but NASA has demonstrated once again the value in having inventive and daring humans in space doing tasks out of reach of robots.

It had taken three tries before the astronauts, travelling 17,000 miles an hour, were able to snatch the elusive satellite on Wednesday night.

They set aside the bulky "capture bar" which had been unsuccessfully employed to snare the 4.5-tonne satellite, and caught it by hand.

Once it had been brought into the shuttle bay, the astronauts attached a new 12-tonne rocket motor and prepared it for reboosting.

The mission was performed at the behest of a consortium of 22 countries which own and operate the global communications satellite system. Intelsat paid \$150m up front and unreturnable to NASA because the satellite is expected to reap more than \$1bn in business.

So strong was its faith in NASA - which has never failed on six previous missions to repair or recapture errant satellites - that Intelsat did not insure the mission, which would have added about \$43m to its costs.

The entire Shuttle flight is estimated to have cost about \$1bn. NASA officials have been extolling its worth.

Mr Daniel Goldin, the new NASA administrator, insisted that the purpose of the mission was "to understand and extend the knowledge of the human presence in space, how they operate in space."

"And as part of that," he said, "there was an opportunity to rescue a satellite."

The mission will enable NASA to "get ready for future things we have to do in space with human beings and to understand how we can do better simulations on the ground."

The satellite has had an accident-prone history. It was stranded in a dangerously low orbit after a failed launch attempt two years ago. Only quick thinking by Intelsat's launch control centre sent it to a safe orbit.

NASA was hired to perform what was already expected to be one of the most complex commercial rendezvous manoeuvres it has ever taken on - capturing, retrieving,

repairing and then redeploying the satellite.

The satellite, equipped with a new booster motor by the astronauts, was ejected from the shuttle bay using a "super-zip" spring system propelling device. After the Endeavor shuttle moves a safe distance away, Intelsat was to radio commands to ignite the rocket and propel it to a spot 22,300 miles above Brazil.

If all goes well it will begin commercial operations in the Atlantic Ocean region. It can carry up to 120,000 simultaneous telephone calls and three television channels.

If it is operational by mid-year, as expected, it will help provide coverage of the Olympic Games in Barcelona this summer.

Astronauts were preparing yesterday to take a fourth spacewalk to test space-station construction techniques before returning to Earth on Saturday, two days later than planned.

## Probe of BCCI 'hampered in Washington'

By Alan Friedman  
in Washington

A FORMER top prosecutor claimed in congressional testimony yesterday that he had been impeded last year by the US Department of Justice in his efforts to obtain documents and bring indictments against the Bank of Credit and Commerce International (BCCI).

Mr Dexter Lehtinen, US attorney in Miami until four months ago, complained that, despite numerous written requests to Washington, the department declined to give him permission to enforce subpoenas demanding crucial BCCI documents about the bank's Luxembourg and other non-US operations.

Mr Lehtinen testified that, in a separate instance, a Justice Department official told him last August not to bring a tax charge against BCCI. The former prosecutor said the order not to bring the indictment had been given by Mr William

Barr, the US attorney-general, and relayed to him by a deputy of Mr Barr.

The department has consistently denied that it impeded any US investigations of BCCI. Mr Lehtinen, before a senate foreign relations subcommittee, said he had written to the department in May 1991, requesting assistance on BCCI, because he believed his investigation would "crack open a case of the greatest national urgency".

He said he was told repeatedly by Justice Department officials in Washington that an out-of-court BCCI settlement of a money-laundering case in Tampa in January 1990 precluded his bringing any further indictments in Miami.

Senator John Kerry, chairman of the Senate subcommittee, noted that this contradicted the testimony last year of department officials who said the Tampa plea agreement only precluded further charges in Tampa.

## Citicorp points to new loans for Brazil

By Stephen Fidler  
in Brasilia

MR JOHN REED, chairman of Citicorp, has said Brazil's commercial bank creditors would put up \$500m-\$1bn in new loans for a debt restructuring deal, implying that Citicorp itself has decided to contribute a significant sum in new money.

Bankers close to the transaction say Mr Reed's statement suggests Citicorp could be willing to put up \$600m for the deal, now under negotiation by leading creditor banks and Brazilian officials in New York.

The chairman's comments, to journalists in Brasilia late on Wednesday, suggested that only "mathematics" stood in the way of an agreement. However, his statements may prove

controversial among banks that are less enthusiastic about a debt accord with Brazil.

The chairman of Citicorp, the largest foreign bank lender to Brazil, said he believed \$3bn-\$4bn would be needed for enhancements under the accord. Enhancements provide finance for guarantees of concessional bonds used in debt-reduction deals such as that being negotiated by Brazil.

Some bankers say this suggests Citicorp has conceded the need for enhancements to be phased in over time - an approach controversial with some leading bank lenders.

Mr Reed and his vice-chairman, Mr William Rhodes, were in Brasilia to meet President Fernando Collor and Mr Marcello Marques Moreira, economy minister.

## Pemex ordered to plan reorganisation

By Damian Fraser  
in Mexico City

PRESIDENT Carlos Salinas de Gortari has given Petróleos Mexicanos (Pemex), Mexico's state oil company, 30 days to present plans for a fundamental restructuring of its operations.

The order comes less than a month after the explosion at Guadalajara that killed 200 people. The company has been widely blamed for the disaster and, during the past couple of weeks, has been subject to sustained and bitter criticism.

Few details of the plans are known, but they are likely to lead to a greater decentralisation of Pemex's operations, and further demarcation between its lines of businesses. Local managers may assume greater responsibility for operations. It

is expected more services will be contracted out to private companies.

Pemex, and Mexico's oil reserves, will remain under full state ownership, and foreign oil companies will still not be allowed to explore for oil in Mexico, nor build and operate refineries.

Under advice from McKinsey, the US consultancy, Pemex has already been divided into five profit and cost centres - exploration and production, petrochemicals, refining, sales, and construction. It is intended that the accounting price of trade between the centres be based on a formula linked to international prices.

However, this new structure is meeting resistance within Pemex, and is not thought to be as running as smoothly as the government would like.



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## NEWS: UK

# Sharp rise in jobless hits rate cut hopes

By Emma Tucker,  
Economics Staff

REMAINING hopes for a further cut in UK interest rates were dashed yesterday with the news that unemployment rose sharply by 42,500 in April and average earnings rose by a higher than expected 7.5 per cent in March and February.

The seasonally-adjusted rise in unemployment in April - the 31st consecutive monthly rise - brought the jobless total to 2.7m, the highest level since August 1987. It followed the exceptionally low rise in March of just under 8,000 and pushed the rate of unemployment in April to 9.5 per cent.

Although the increase was bigger than City forecasts of a 20,000 rise in the jobless total, the overall trend measured on a three-monthly basis continued to improve.

Mrs Gillian Shephard, employment secretary,

described the rise as "clearly disappointing" but said that the average rate of increase in unemployment in the three months to April was the lowest since the three months to September 1990.

Over the past six months, unemployment has risen on average by 36,400 a month and the Department of Employment said the underlying rise was around 30,000 a month.

"Although the monthly rise in unemployment exceeded that in previous months, trends suggest that the pace of increase in unemployment is still gradually easing," said Mr Michael Saunders, an economist at Salomon Brothers.

A bigger shock came from March's 7.5 per cent year-on-year increase in average earnings which fuelled worries about underlying inflationary pressures in the economy.

The yearly rise in February was revised to 7.5 per cent

from an initial estimate of 7.25 per cent. The growth in average earnings has consistently disappointed market expectations since it began its decline from 10.25 per cent in July 1990. In the service sector, average earnings dropped to 7 per cent in March from a revised 7.25 per cent in February, but in manufacturing industries they stayed at 8.25 per cent.

The department of employment described the figure as a "blip" and said it probably reflected bonus payments made by firms before the general election on April 9 because of fears that a Labour government would have led to higher taxes for some employees.

Mr Tony Blair, Labour's employment spokesman, said April's rise "shattered" the hope that the rise in unemployment was about to cease.

Analysis, Page 24

## Thatcher to attack moves towards EC federalism

By Ralph Atkins

MRS Margaret Thatcher, former prime minister, will today launch a stern attack on moves towards European federalism in a speech which is expected to avoid direct reference to Tory party splits over the Maastricht treaty.

Her address in the Hague will include praise for Mr John Major and is expected to steer clear of his handling of the Maastricht deal. But she will be sharply critical of the federal ambitions of Mr Jacques Delors, European Commission president. Ministers will be braced for obvious coded messages in Mrs Thatcher's words and for possible interventions into the battles within the Conservative party when she answers questions afterwards.

Speaking in Munich yesterday, Mrs Thatcher said the former Soviet Union and eastern Europe marked a trend away from centralised bureaucracy and towards co-operation between national governments.

"It is for individual countries to decide what powers they cede to the [European] Community," she said at a meeting of the International Securities Market Association.

Mr Major, meanwhile, provided some encouragement to Tory Euro-sceptics in the Commons by saying Britain would not accept EC proposals to remove border controls in the single market.

Labour opposition MPs will abstain in next week's vote on legislation to ratify the Maastricht agreement. Their decision guarantees the government a comfortable majority.



Steven Norris, transport minister for London, yesterday attended the launch of Countdown, a passenger information service being installed by London Buses.

From September, passengers at stops on the 18 route which runs from Kings Cross to Sudbury, north-west London, will be given a countdown to the arrival time of the next bus.

London Buses hopes the £700,000 system will overcome the uncertainty

involved in waiting for buses, often cited by passengers as the main reason for not making more use of them.

Progress will be monitored by roadside beacons and by radios in the buses. A central computer will interpret data and transmit the predicted arrival times of the next three buses to dot-matrix screens at stops along the route.

The new system uses technology developed by Serel, a French electronics com-

pany, now in use in several French towns and in Málaga, Spain. A similar system operates on some London Underground platforms.

London Buses estimates that increased revenue should pay for the system in less than three years.

If it succeeds, the system may be extended to 100 or more London bus routes at a cost of £35m.

Picture by Ashley Ashwood

## Lloyd's report due in July

By David Owen  
and Richard Lapper

INQUIRIES into alleged malpractices at Lloyd's of London are to be completed by mid-June and Sir David Walker, the Securities and Investments Board chairman, will hand his report to the insurance market's authorities on July 1.

The timetable for completion of the inquiry, which emerged after a meeting yesterday between Sir David and three Conservative MPs, was

announced as the opposition Labour party accused the government of mounting a cover-up of malpractices at Lloyd's in a bid to protect its 21-strong Commons majority.

Calling for a debate on the market's problems, Mr Peter Hain, the Labour MP, said there was evidence that "the Council of Lloyd's - in discussion with the Department of Trade and Industry - was involved in an attempt using institutional finance to bail out Lloyd's Names including MPs."

In a separate development yesterday Lloyd's Names who benefited from the out-of-court settlement in the Outhwaite case won another victory.

After a two day hearing in the Commercial Court Mr Justice Saville ordered Lloyd's to pay the £116m directly to the 987 Names party to the settlement agreed in February.

Last month Lloyd's blocked direct payment of the settlement to Names by insisting monies be paid to its premium trust funds - the funds into which all monies earned by Lloyd's underwriters are paid.

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## Problems likely on council tax

By Alison Smith

A PROBABLE delay in the announcement about next year's overall local government spending is set to cause difficulties in the negotiations over the council tax, the new levy to pay for local services.

The government usually announces in July the maximum amount it believes local government should spend in

the following financial year (total standard spending) and the total amount of external support through government grant and the business rate.

However, the Department of the Environment believes that this year the statement may have to wait until October.

The likely delay is already being interpreted as a sign of how tight the coming public spending round will be. Envi-

ronment ministers believe it is vital to secure a reasonable revenue support grant settlement for next year to prevent sharp rises in bills.

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## Imports threaten UK paper industry

By Paul Abraham

BRITAIN'S paper industry risks destruction from imports unless its raw material costs are reduced through increased paper recycling.

Mill closures, job losses and increased imports of finished paper were inevitable unless the government acted to increase the supply of paper for recycling, warned the British Paper & Board Industry Federation.

The federation called on the government to introduce levies that would act as a disincentive against the disposal of recyclable paper in land-fill sites. Similar measures in Germany and France have increased the supply of paper for recycling and caused raw material prices to plummet.

Raw material costs in the UK are between 300 and 400 per cent higher than in Germany,

said Mr Dermot Smurfit, president of the federation and joint deputy chairman of Jefferson Smurfit, the paper and packaging group.

Since these represent 55 per cent of total manufacturing costs, British manufacturers are severely disadvantaged by the shortage of recycled stock.

Such legislation would be popular in the UK, claims the federation. A poll by Mori, the research organisation, showed that 89 per cent of the public supported legislation forcing shops and offices to collect and sort waste paper and cardboard for recycling.

At the same time, the federation has launched a campaign to encourage commercial organisations to recycle waste paper and cardboard.

"We have a forest on our doorsteps, but we are just not using it," said Mr Smurfit.

## British Gas price cut fuels row

By Neil Buckley

THE ROW between British Gas and Ofgas, the industry regulator, grew increasingly bitter yesterday as the company insisted its decision to cut domestic gas prices by 3 per cent was not a climbdown after threats of legal action.

Mr Robert Evans, British Gas chairman, said that when British Gas froze its prices in March it indicated a future price reduction was likely. It had waited until the economic outlook could be more accurately predicted before taking action. However, last week Sir James McKinnon, director-general of Ofgas, told British Gas to cut prices to its 18m domestic customers or face "enforcement action".

Mr Evans attacked Ofgas's statement as a "stunt for the press" and complained that the demands of the regulator and the government in their efforts to open the gas supply market to competition sometimes gave the impression that British Gas was being "set up to fail".

The price cut of 1.7p a therm will mean an average reduction of £13 for domestic consumers on bills for the year from July. It brings the company in line with a tough new pricing formula imposed by Ofgas in April which limits price rises to 5 per cent below the rate of inflation.

British gas warning, Page 37

## Bank charges price gap found

By David Barchard

SOME UK clearing banks charge their small business customers substantially more than their rivals, according to a survey of banking business charges published by Rochester Research, a Kent-based consultancy.

The pricing gap is particularly wide between Lloyds and Midland, the two clearers locked in a takeover battle. Lloyds emerges as the most expensive bank for small businesses and Midland as the cheapest. The survey was carried out in bank branches in

Kent but its findings are valid for the UK as a whole. Rochester Research says some Lloyds business customers would pay over 20 per cent less if they banked with Midland. It has forwarded a copy of its report to the Office of Fair Trading, which is considering whether to refer Lloyds' bid for Midland to the Monopolies and Mergers Commission.

Yesterday Lloyds said it was unfair to compare its current prices with Midland's when predicting what customers of an enlarged bank might pay two years from now after the merger. "We have made it

clear that the kind of cost savings which would then be possible would clearly benefit the customer," Lloyds said.

For a customer writing 60 cheques a month, paying six bills by standing order and another six by direct debit, and receiving eight credits, Lloyds would charge £157.50 compared to Midland's £147.50. The charges of the other two big clearers are closer to Midland than Lloyds. A NatWest customer would pay £158.60 for identical services and a Barclays customer £156.20. Only the TSB charges amounts comparable to Lloyds.



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## Telecom plans may cost £3bn

By Hugo Dixon

PLANS to change in Britain's national telephone codes could cost industry more than £3bn, according to an organisation representing large telephone users.

The Telecommunications Managers Association has urged Ofcom, the telecommunications regulatory body, to put proposals to introduce new codes in Spring 1994 on ice for at least two years. Its £3bn estimate takes into account the cost of modifying or even scrapping telecommunications equipment, reprinting stationery and advertising the

change. The TMA's objections have already stopped Ofcom, whose internal estimates have put the cost at only £200m, giving the final go-ahead for the code change.

A national campaign to alert customers, due to have started at the beginning of this month, was postponed at short notice. This delay, in turn, is causing concern in parts of the industry. BT, Britain's largest telecommunications group, and the Telecommunications Users' Association, another user group, believe any further delay will give customers even less time to prepare for the change.

Sir Bryan Carsberg, Ofcom's director general, is looking at ways of reducing the impact of the code change by phasing it in. But Sir Bryan, who leaves Ofcom to head up the Office of Fair Trading next month, is still committed to the broad thrust of the scheme.

In addition to the high cost of the planned change, the TMA has told Ofcom it would not even solve the problem of a shortage of numbers and that, in a few years, there would be further number changes and yet more disruption.

Instead of a wholesale change to codes, it has proposed a stop-gap scheme to buy

time while Ofcom examines whether there is a better long-term solution. The TMA's idea would involve taking codes from rural communities, where there are few users, and reallocating them to the areas of shortage.

Its fears of further disruption are confirmed by the fact that BT has recently put a proposal to Ofcom which would involve more than a million customers in five cities changing both their codes and numbers. Ofcom said it was unlikely to consult users before approving a new numbering system for the five cities - a decision which may anger local people.

## Police on alert after unrest in city suburb

By Paul Cheeseright, Midlands Correspondent

POLICE in Coventry, central England, were on the alert yesterday for a further outbreak of violence from gangs of youths on a council estate in the Wood End suburb, as the first warm days of summer brought shimmering urban tension to the surface.

Patrols were light, in keeping with the police statement that "we don't want to go in heavy-handed".

The estate of 1,200 homes, on the eastern outskirts of the manufacturing city, is notorious locally for its shabbiness, poverty and high crime rate. It is in a district where male unemployment is over 22 per cent.

On two successive days police clashed with gangs of youths, numbering about 300 on Tuesday and 150 on Wednesday.

Buses and police cars were stoned and some stores were looted. A mile away, in an incident which may not have been connected, an infants school was burned down. The gangs threw petrol bombs on Wednesday, but caused no



Police struggle with a youth during disturbances in the Wood End suburb of Coventry

damage. Six people appeared in court after the first night of trouble and police made 16 arrests on the second.

The catalyst of the clashes was the latest episode in a battle the police have been waging, with support from local residents, for 10 years. Police have been trying

unsuccessfully to stop the riding of motorcycles at high speeds through the grassy areas of the estate. On Tuesday they apprehended one rider. The appearance of gangs on the streets was the response.

The motorcycling youths, who are usually about 15 or 16,

but can be as young as 12, show little respect for the police. Officers say they should be at school but frequently play truant. Those older than 16 are often jobless. Local residents, who complain of being terrorised by the riders, have been talking of setting up their own vigilante groups.

## Britain in brief



### Tax victory for Johnson Matthey

Johnson Matthey, the precious metals company, has won its appeal against the Inland Revenue to receive tax relief on £50m granted to it for the rescue of Johnson Matthey Bank, its former subsidiary, seven years ago.

The Bank of England rescued the bank, which ran into difficulties on its commercial loans business, by buying its shares for £1. The rescue was conditional on a £50m cash injection from Johnson Matthey. Five law lords unanimously upheld the company's argument that the £50m was a "revenue payment" and hence deductible for corporation tax purposes.

Lord Templeman said the payment was solely to enable Johnson Matthey to continue trading, because its own platinum-trading business would have collapsed if Johnson Matthey Bank had closed.

### Sony bids for TV licence

Sony Pictures International and Thames Television have joined the Five TV consortium to bid for the Channel 5 broadcasting licence.

The agreement, about to be announced, means that there are two powerful, potentially well funded groups competing for the new national channel capable of reaching around three quarters of the UK population.

Last month TV-am, Mr Conrad Black's Daily Telegraph group and Time Warner, the world largest media group, signed an agreement in principle to bid for the new channel.

### Car production falls by 2.3%

UK car production fell last month by 2.3 per cent, but output of commercial vehicles was sharply higher than a year ago continuing the strong recovery which began late last year.

UK car output in April at 108,641 fell from 111,188 in the same month a year ago according to figures released by the Society of Motor Manufacturers and Traders and the Central Statistical Office.

### BAe cuts jobs at arms plant

The relentless erosion of jobs in the defence industry has continued with confirmation of

### Tax collection contracted out

Collection of local taxes and the payment of benefits is to be contracted out to the private sector by East Cambridgeshire district council, in the first successful competitive tender for a local authority white collar function. The council sought competitive tenders for the collection of poll tax and business rates - and council tax when that is introduced next year - and the payment of housing benefit benefit. The contract, worth £3.6m over five years, has been awarded to Capita Group from May 1992.

### Man charged in fraud case

Businessman Mr Malcolm Johnson has appeared at City of London magistrates court charged on eight counts of fraud involving more than £1.4m.

Mr Johnson was extradited from Vienna on Wednesday following a request by the Serious Fraud Office. The charges against him include obtaining US \$2.4m by deception from Postal Investment Management by purporting that shares in Duralite Manufacturing were shares in a properly constituted company with assets of more than \$30m.

Mr Johnson is also charged with being party to the business of stockbrokers TC Coombs to dishonestly manipulate trading in the shares of Coastline Petroleum.

### Complaints rise against police

The Police Complaints Authority handled 7,553 complaints last year, up 9 per cent on the previous year, but serious cases referred to the PCA dropped by 15 per cent to 4,330. The most common complaints were of assault, indecency, irregular procedures and neglect of duty. One in ten cases resulted in some form of action being taken.

### NHS pay deal

National Health Service blue-collar workers have accepted a pay offer worth 4.9 per cent on the pay bill. The 180,000 workers, who include domestics, porters, catering and laundry staff, will have their increase backdated to April 1.

## Drink industry leaders to meet Lamont on EC duty

By Philip Rawstone

LEADERS of the UK drinks industry are to meet Mr Norman Lamont, chancellor of the exchequer, today to discuss the government's approach to the European Commission's proposals for minimum EC duty rates on spirits.

The issue is expected to be discussed at a meeting of EC economic and finance ministers in Brussels on Tuesday. Protests from the industry in July last year persuaded Mr

Lamont to withhold Britain's agreement to EC proposals for a minimum duty of Ecu 1.118 per hectolitre of pure alcohol for Scotch whisky, gin, and other spirits.

The proposed rate for spirits would have added up to £2.50p to a bottle of whisky in southern European countries. Industry leaders believe such a move would also have hampered their efforts to reduce discriminatory taxation of their products in other world markets.

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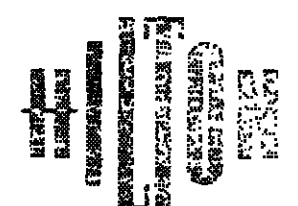
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## RECRUITMENT

## JOBS: Efforts to define the activities that make up good management have made little useful headway

WHAT have human beings been doing at least since Solomon's time 3,000 years ago, without having a precise idea of how they do it? (Those last 10 words will hopefully have ruled out any pretext for Jewed responses.)

The answer is something a lot of readers do for their nearsightedness: to wit, managing. Solomon qualifies as a fellow practitioner by being on record as establishing elaborate trading systems as well as carrying through construction projects and moulding peace agreements.

But although what he achieved shows that he must have been a manager, how he achieved it is a mystery. And the same goes for his successors today who, whatever their achievements, can rarely if ever give a clear explanation of the various skilled things they did to accomplish same.

True, it's not something that often worries them. Being typically men and women of action, they are too concerned with getting results to bother their heads analysing exactly how they do so.

The trouble is that, as many have sadly discovered in the latest recession, there is an important difference between them and their managerial ancestor of the 10th century BC. Compared with the likes of Solomon, they are far easier

to throw out of their job and, though perhaps more likely to live to tell the tale, most will still need to earn the odd crust to sustain themselves while telling it.

For managers who have suffered that fate, getting re-employed has probably never been harder. To judge by reports from redundancy counsellors as well as victims, with companies scrapping whole layers of management, recruiters aren't much impressed by career resumes listing posts held in organisational hierarchies, numbers of underlings and the like. Unless you're well connected or otherwise lucky, such evidence that you're a manager is no longer enough to win a new job. You must also be able to convey to employers how you can manage so as to justify your pay in their particular outfit.

Alas, the chances of a successful outcome are not improved by the fact that few companies themselves have a better than hazy idea of the detailed things their managers actually do - as distinct from those they're theoretically supposed to, at any rate. There is admittedly no shortage of knowledge about the

latter. Indeed prescriptions abound, the only problem being that they do not always correspond with managerial work's complex reality.

Take for instance the formula, still taught in business schools, which was laid down about 75 years ago by the French mining engineer Henri Fayol. The essential activities of management, he declared, are planning, organising, commanding, co-ordinating and controlling - and there's no doubt that management can be thought of as compartmented in that way.

Whether it helps practitioners, however, is another issue. For one thing, it doesn't shed much light on how to do the five things it cites. So my own suspicion is that managers probably receive no more practical help from being taught Fayol's formula than Molière's bourgeois gentleman gained from learning that ever since his babyhood he had been talking prose.

In more recent years, of course, such prescriptions have become a lot longer, particularly with the last decade's vogue for dividing managerial work into so-called competencies (sometimes spelt

"competences"). Hence it is too soon to judge the extent to which the elaborated versions are of use.

Even so, I at least doubt the sense of the more grandiose schemes to take management as a whole, wherever it's done, and split it into competencies ranked in importance, which can be tested for the award of certificates.

As for the more modest efforts limited to management in just a single company, albeit often big and widely diversified, time alone will tell. The only forecast I would venture is that the outcomes will hinge on the methods by which the competencies are identified.

If they're top-down assemblages, formulated by senior executives with or without the aid of research by external consultants, my bet is that they will do more harm than good. But even bottom-up versions based on inquiries reaching down to the ranks immediately above the shopfloor, won't necessarily be any better. The key factor is probably how the inquiries are conducted.

All such exercises are prone to well known faults, including the tendency of prejudices on the part

of those putting the questions to influence the replies and the way they are interpreted. Such observer-bias would look to be a particular danger in defining competencies - not least because managers, being sharply attuned political animals, are apt to respond in ways they think will be approved rather than with what they really think.

Fortunately, psychologists and the like have devised methods which reduce such dangers, one example having the drab title of Repertory Grid. First developed by an American called George Kelly in the 1930s, it is based on his "personal construct" theory. The idea is that from birth we place together individual frameworks which determine how we see the world, each framework consisting of a set of yardsticks - or constructs - for judging what we experience.

As an illustration, legend has it that a certain British foreman had only one real construct for judging men. Those who wore polished black shoes with laces were good; those who didn't were evil. And although most people have a great many more constructs, each works

in the same way by deciding whether things are importantly similar to one another, or different. Moreover, while the whole set will be exclusive to us individually, some of the particular yardsticks will also be used by other people.

The method seeks out the constructs with little observer-bias because Grid consultants ask no leading questions. They just write words on cards - say, "you" on one card, "me" on a second, and "the gatekeeper" on another - then put the trio before you and ask in which way you think any two of them resemble each other while differing from the third. There's no limit on as "elements" - can be used, but they are always compared in threes, a pair against a singleton.

One psychologist using Grid to clarify what makes for effective management is Fay Fransella of the Centre for Personal Construct Psychology in London. She begins by getting top executives to name a sample of managers they think good and another sample they think otherwise. Then, without letting any of them know which

group they're in, she runs them individually through the process using a common set of elements.

The result is a number of shared constructs on which the two groups significantly differ. For instance, a recent company study threw up three such constructs.

One was the extent to which the managers were able to stand back from the task-at-hand, and review their work in the context of the whole business. Next came the importance set on being always available to subordinates for consultation. The third was the emphasis put on understanding the jobs done by subordinates, so as to be able to control them closely.

The way the sheep differed from the goats wasn't always as everyone might expect," says Dr Fransella. "Certainly, it was the effective group who stood back and reviewed a lot. But they didn't let their staff consult them about anything any time, as distinct from by appointment. And they weren't much concerned to understand the details of the jobs done below them."

It was the poorer group who knew the sitty-gritty and made themselves always available. That's probably why they didn't have time for standing back and reviewing."

Michael Dixon

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## ACCOUNTANCY COLUMN

## Laying it on the line for future auditing standards

By Andrew Jack

A BOLD red line slices across the black and white cover of the exposure drafts issued earlier this week by the Auditing Practices Board. To certain senior accountants contemplating the birth pangs of the new standard-setting regime, it represents more than a simple design feature.

It was at an "awayday" conference for members of the Auditing Practices Committee (APC) at the Gatwick Hilton three years ago that Mr Graham Stacy, a technical partner with Price Waterhouse (and now representing the firm for its work as auditor to the collapsed Bank of Credit and Commerce International), purposefully picked up a red felt-tipped pen.

With it he drew a horizontal line across a blank flipchart. Above it he placed a wiggly line, and on top of that a second straight line running along the peaks. The lowest line represented existing auditing standards; the middle one, the quality of auditing actually achieved by the large accountancy firms; and the top one, the firms' own ideal standards.

"Some members of the committee were arguing that we should set auditing standards very high to give firms something to aim for," he recalls. "I said the big firms always have to keep their own standards far higher, so even when they fall short of perfection, they are still clear of the minimum. Otherwise they won't be able to survive."

"Stacy's red line" - which has become part of the folklore at Price Waterhouse - has jumped sharply up the page following the publication of the first salvo of proposed documents from the Auditing

Practices Board (APB) on Tuesday.

It also stands as a symbolic high-water mark below which the old Auditing Practices Committee (APC) has drowned. The APC may have seemed a significant step forward when it was created to draw up coherent guidelines in the late 1970s, but a decade later it was looking very stale.

That was the main conclusion of discussions held by the APC at the same Gatwick venue, and in a widely-leaked letter penned afterwards by Mr David Tweedie, the final chairman of the APC and now chairman of the Accounting Standards Board, and Mr Ian Brindle, his predecessor and now senior partner at Price Waterhouse.

The APC was underfunded, unwieldy and undemocratic. It was far too secretive in its operations. And its decision-making was continually being slowed down by its owners, the six members of the Consultative Committee of Accountancy Bodies: the Institutes of Chartered Accountants in England and Wales, in Scotland and in Ireland, the Chartered Institute of Management Accountants and of Public Finance and Accountancy, and the Chartered Association of Certified Accountants.

The new, improved APB, which began operations early last year - looks in much better shape to address the criticisms facing auditors in the 1990s, even if it is still owned by CCAB. There are 18 voting members - of which half are not practising accountants - and four observers. A series of working groups is beginning to tackle an ambitious series of future auditing standards. "Exposing" the drafts for public comment and focusing on users of accounts as the APB's customer is a prudent if obvious step.

The process of producing in plain English just two types of statement - standards (which are mandatory) and practice notes (which are best practice on emerging issues) - is a welcome relief from the range of confusing edicts with varying degrees of authority that were loftily pronounced in the past.

On the downside, criticism of the APB's tardiness in getting to work over the last year are somewhat petty. A more significant concern - how independent the body can be - can only be judged over time. But its

#### The new, improved APB looks in much better shape to address the criticisms facing auditors in the 1990s

refusal to tow the line of the accountancy firms - which argued against the expanded audit report it has now put forward - bodes well.

In place of a meaningless, pro forma paragraph that has been almost universally ignored, the auditors' report in companies' accounts will from next year become a dense and detailed page of text, which users of financial information will do well to turn to very early in their perusal.

Some will see the proposals as defensive. Much of the text will still have a standard - albeit lengthier - format. A good chunk (if not provided elsewhere in the accounts) will spell out that it is the directors and not the auditors who are responsible for the accounts being true and fair.

The number of qualified audit reports (present in just 6 per cent of UK companies last year) is likely to

fall, because auditors will no longer be required to qualify companies facing "material" or "fundamental" uncertainties in the following 12 months, provided they are satisfied that disclosure of these elements in the accounts is adequate.

That will at least ensure any remaining qualifications are unequivocal, rather than in terms of unqualified approval "subject to" certain items, as the current guidelines allow.

At least on paper, auditors are being given greater powers to actively use their skills to detect these uncertainties, and cast their judgment forward as well as back across the previous year to which the financial statements relate. While the qualification will be lost, the proposed audit report will have a section flagging the uncertainties in compensation. But that raises two potential difficulties.

First, the definition of "fundamental" is likely to generate intense debate. The draft guidelines cite examples such as cash flow problems, inadequate borrowing facilities, major litigation and large debts falling due. Assessment of their significance may well prove highly contentious.

Second, it will be difficult to tell how far companies will accept disclosure of these fundamental items in the new-style auditors' report. Theoretically, each would currently result in a qualified audit report. In reality, directors fight very hard to resist a qualification, and may have been able to conceal some important information from their shareholders up till now as a result.

The hope is that some of these uncertainties that might previously have just escaped attracting a qualification will now be clearly flagged. But

companies may fight equally hard to prevent disclosure, arguing, for example, that it would jeopardise their commercial position.

A separate but vital point is the relationship between the APB and the Accounting Standards Board. The proposed auditing guidelines do nothing to clarify what constitutes "true and fair" in accounts. Until new ASB standards have dealt with what Mr David Tweedie calls "accounting fiddles", there is little the auditors can do. They can only be as effective as accounting standards allow, while finance directors hide behind these current standards.

That point is reflected in the preface to the APB's "going concern" draft, which calls on the ASB to develop a standard on the treatment of uncertainties. There is little sign yet that the ASB has taken the issue seriously in its own work programme.

A final problem is how the new auditing standards will be policed. Mr Bill Morrison, chairman of the APB, talks about a "twin barrel" approach. The Financial Reporting Review Panel is scrutinising companies, while the self-regulatory Joint Monitoring Unit of the accountancy bodies is watching the auditors, now armed with improved auditing guidelines.

Unfortunately, like the deliberations between auditors and their clients, a great deal of the regulatory process remains behind closed doors. Whether that is inevitable or even desirable, it does little to remove the suspicion of accountants and auditors by the outside world.

Users of accounts must hope that Stacy's red line does not open up new gaps below as it eagerly rises up the page of future APB documents.

#### INTERNATIONAL MERCHANT BANKING CORPORATE FINANCE EXECUTIVES TO £35,000 PLUS MORTGAGE AND BONUS

We have been retained by one of the City's leading players, advisors to a substantial number of major UK and international companies and who have a major presence worldwide in M and A.

As a key member of an elite relationship management team, you will be exposed to a wide range of deals including mergers and acquisitions, capital restructuring, controlled financings, leveraged buy-outs and MBOs and you will also advise on business strategy. Opportunities exist for a period of secondment to an overseas branch after around two years.

Candidates should be ACA, aged 24 to 27, with outstanding academic and vocational achievement coupled with strong commercial ability. A young lawyer or MBA with relevant experience will also be considered. You should be well researched into the operations of the City.

For further information please telephone David Chorley on 0444 416636 or write to him, enclosing a detailed CV, to the address below. (Interviews will be held in our London and Sussex offices).

#### HEATHFIELD HARGREAVES

Chaucer House, 6 Bolso Road, Haywards Heath, West Sussex RH16 1BB  
Tel: 0444 416636 Fax: 0444 416602

#### KINGSTON COLLEGE OF FURTHER EDUCATION

Principal A B Connell, MA FRSA CMIID DipEdAndEd

#### REQUIRED AS SOON AS POSSIBLE CONTROLLER OF FINANCE AND ADMINISTRATION

In preparation for incorporation applications are invited for this new post in the senior management team of the college. Candidates should be well qualified and have an appropriate degree or professional qualification, but most importantly they should have substantial knowledge of the further education sector and related managerial experience.

Salary £35,670 - £37,929  
(MANAGEMENT SPOKE POINTS 23-26)

PLUS £1,446 London Weighting allowance.

Application forms and further details available from:

The Principal, Kingston College of Further Education, Kingston Hall Road, Kingston upon Thames, Surrey, KT1 2AQ.  
Closing Date: Friday 29th May 1992  
AN EQUAL OPPORTUNITIES EMPLOYER

## ACCOUNTANCY APPOINTMENTS

## GROUP FINANCE DIRECTOR

## Construction/Property

## London

## Six Figure Package

Succession planning gives rise to this key appointment in a significant and highly regarded group, UK owned but with extensive international operations. You will be expected not only to take over the reins of the existing finance function but to play a leading role in long term planning, helping the group to position itself strategically for future development and growth.

You will manage a well qualified finance department and will join a senior management team which includes a number of capable and highly experienced individuals. A key challenge will be to strengthen financial controls and develop business planning without inhibiting the commercial flair of other members of the executive team.

You must therefore have the conviction and strength of character to provide leadership.

#### MANAGEMENT CONSULTANTS

but also be committed to working as a member of a team. Further vital personal qualities include a high degree of professionalism, objectivity and commercial acumen.

A chartered accountant in the 40-50 age group, you should have main Board experience in a substantial group, ideally one with overseas subsidiaries. Construction or property experience is preferred, but a background in other relevant sectors will also be seriously considered.

Please send a detailed career résumé, highlighting your strengths in relation to this position, and quoting reference 3242, to Graham Perkins, Touche Ross Executive Selection, at the address below. Since applications will be forwarded direct to our client, please indicate any companies to whom you do not wish to apply.

1st Floor, Hill House, 1 Little New Street  
London EC4A 3TR. Telephone: 071 936 3000.

## FINANCE DIRECTOR

Consumers' Association, publishers of Which? and a wide range of specialist books and subscription magazines, remains one of the foremost organisations in the UK dedicated to educating, informing and protecting the rights of consumers. Since its formation in 1957, it has sustained this vital role through vigorous campaigning, and the development of its extensive research and testing facilities, all wholly funded by its publishing and membership income, now in the region of £50 million.

As Finance Director, you will be an important member of the senior management team headed up by the Chief Executive, and contributing to the future growth and stability of the Association by providing advice and recommendations on major finance-related issues. However your key challenges will be the provision of effective and professional management and direction to the established finance and accounting function, and the development of improved procedures for producing timely, accurate and relevant financial information to assist in the efficient management and control of the Association.

We would invite applications from senior finance professionals, qualified by examination, able to demonstrate significant achievements in equivalent level roles held either in the private or public sectors, and who are committed to the aims and objectives of the Association.

To be considered for this appointment, please fax or post a full CV, including details of latest salary and benefits, together with your reasons for applying, to Neil Wax, Financial Selection Services, Drayton House, Gordon Street, London WC1E 6AN, Fax: 071-388 0857, to be received no later than Thursday 21st May, and quoting Ref: 100707/FT.

Working towards equal opportunities, Consumers' Association welcomes applications from all sections of the community

Which?

## DIRECTOR OF FINANCE &amp; ADMINISTRATION

International Stock Photographic Library, London NW1 - to £40,000

- Qualified accountant
- Creative "business builder"
- European language skills
- 5+ years' progressive commercial experience
- International business experience
- Aged 28-35 years

Pictor International Limited, founded in 1967, has become one of the world's leading stock photographic libraries. The group operates through wholly owned subsidiaries in Paris, Munich, New York and Washington and agencies in Barcelona, Milan, Singapore, Sydney and Tokyo. Pictor has entered the 1990's in a strong position to further expand and develop its activities worldwide and to substantially increase its turnover and profits through the marketing of new catalogues and images.

The Group now requires a Director of Finance & Administration with the vision and flair to contribute to this planned growth. If you fit the profile above and would be interested in joining Pictor please contact our professional advisers who will be handling responses to this advertisement on our behalf.

Please apply in writing enclosing a current Curriculum Vitae to: Jane Ryley, Personnel Manager, Levy Cox, Chartered Accountants, 100 Chalk Farm Road, London, NW1 8EH. Tel: 071-267 4477.

CHIEF ACCOUNTANT  
FUND  
MANAGEMENT  
BUSINESS

Accountant with fund management background, to join small, highly successful team. Responsible for financial administration of investment trust, institutional funds and management company accounts.

Salary up to £25,000 a.a.e.

Apply: 5 Half Moon Street, London W1Y 7RA.

No agencies please

UK Financial Controller  
PC Products

## Near Oxford and Heathrow

Our client is the UK subsidiary of a successful US personal computer systems manufacturer. The operation is well established and growth plans include acquisition, so there is a need to appoint a financial controller to help manage the expansion of the business. Reporting to the MD, responsibilities will include creating a UNIX or LAN based system to control the UK activities, adherence to strict US reporting demands, management accounting, facilities management and some human resource issues. The business is located on two sites and therefore needs coordination.

## Attractive Package

Applicants will be young graduate ACA's with 7 years' post-qualification experience. Ideally this would have been gained in a US-owned distributor of high volume technology products - hardware rather than software. They must be able to manage the finance function and act as right hand to the MD. Aggressive growth plans call for a results-oriented manager and the prospects and rewards and the right candidate are excellent.

Please write, in the first instance, to Robert Marshall Advertising Limited, quoting reference RMM 877, at the address below.

## ROBERT MARSHALL ADVERTISING

LIMITED  
44 Wellington Street, London WC2E 7DJ.

## CENTRAL LONDON

## c £60,000 + INCENTIVES

## Financial Director

For a fast growing and acquisitive multi site industrial and commercial group. Turnover of this fully listed PLC is of the order of £60m. Recent restructuring and planned growth have created the need for a highly commercial financial manager to lead the finance function.

As a key member of the small group head office team you will have total responsibility for the finance function and will work closely with the Managing Director and operational management to improve profitability of the existing businesses and to appraise, acquire and integrate additional businesses. Early tasks will be to design and introduce enhanced financial and management systems, procedures and reporting and to rationalise company and business structures.

A qualified accountant, probably aged mid 30s to late 40s you will have an exceptional record of managing the finance function in complex group environments in the manufacturing/industrial sector. Previous experience of designing and implementing improvements to financial systems is vital. You must have the stature, ambition and drive to contribute to the building of a substantial business.

Please send full personal and career details in confidence to Torrance Smith, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JL, quoting reference TS905 on both envelope and letter.

Coopers & Lybrand  
Deloitte Executive  
Resourcing

FINANCIAL  
AND  
MARKETING  
DIRECTOR

c.£40,000 per annum



Merseyside Waste  
Disposal Authority

The Merseyside Waste Disposal Authority is establishing an "arms-length" Limited Company to compete with the "private sector" for the provision of waste disposal services across the County.

This is an exciting opportunity for a highly qualified accountant with extensive private sector experience of senior management level to participate in the establishment and development of the Company right from the very start.

You will be an executive member of the Board of Directors and will need to possess excellent detailed financial management skills and be able to display considerable marketing and commercial acumen.

The Company will initially be based in Liverpool city centre close to all amenities and within easy reach of all of the areas major attractions.

Your key tasks will include:

- develop and control the company's total finance and budgetary functions;
- financial appraisal and development of marketing initiatives;
- act as Company Secretary;
- develop appropriate administrative, financial and management information support services, including payroll.

In addition to the quoted salary, relocation assistance is offered where appropriate and further benefits expected of a major organisation.  
Application forms and further details are available from the Personnel Officer, Merseyside Waste Disposal Authority, 4th Floor, Shaws House, Canning Place, Liverpool L1 8JW. Tel: 051-709 3407 ext. 213. Closing date for return of completed applications is 1st June 1992. ■  
An equal opportunity employer

## EUROPEAN FINANCE MANAGER

London

To £35,000 + car

The European Division of a progressive US Engineering group, our client manufactures sophisticated instrumentation and control systems for the international automotive and aviation markets. It has ridden the recession well and now has positive plans to strengthen and grow its network of operations which are located throughout Western Europe.

Based in the small London Head Office, the European Finance Manager will work closely with the Finance Director and support him in a broad range of project work. This commercially oriented role will encompass the review of operational performance and business plans; systems installation; one-off investigations; capital expenditure appraisal and financial assistance at the subsidiaries.

Candidates, probably in their early/mid 30's, will be qualified accountants of graduate calibre. They should be computer literate and have solid commercial accounting experience gained in a substantial manufacturing environment. We are looking for a talented individual with well-developed communication skills and credibility at the highest levels. You should be familiar with US reporting procedures, available to travel at short notice and capable of working on your own initiative.

Please reply in confidence, giving precise career, personal and salary details to Paul Carvoso quoting Ref. L676.

Egor Executive Selection  
58 St. James's Street  
London SW1A 1LD

**EGOR**  
EXECUTIVE  
SELECTION

United Kingdom • Belgium • Denmark • France • Germany • Italy • Netherlands • Portugal • Spain • Switzerland

### GAMES WORKSHOP

GAMES WORKSHOP LTD based in North Nottinghamshire is the world's leading miniatures and hobby games company with an enviable record of growth and achievement over the past 3 years. The business designs, manufactures, distributes and retails all its own products.

Further planned growth has created an immediate need for a

#### SENIOR FINANCIAL CONTROLLER

to strengthen the existing financial management of the Group and to provide a link between the Financial Director and the accounting function. The role may entail limited foreign travel as expansion takes the company into Europe.

A qualified Accountant, you will be seeking to broaden your experience in an all embracing financial management role.

Creativity, assertiveness, ambition and a proven record of achievement are essential for success in this young dynamic company. Two years PQE (preferably outside the profession) is desirable.

An excellent salary/benefits package is available for the right person.

Please write in the first instance to Chris Prentice, Financial Director, including your C.V. and details of current salary.

Games Workshop Limited  
Chevrons Street,  
Hilltop,  
Eastwood,  
Nottingham,  
NG16 3HY

## European Reporting Manager

Middlesex

c.£40,000

Part of a highly successful PLC, our client is a dynamic and growing company, with operations throughout Europe. It has grown steadily and this trend is expected to continue in future years in line with burgeoning demand in European markets for its high quality services.

Reporting to the Financial Controller, the Reporting Manager will assume responsibility for all management and financial reporting, including the development of systems and tools to support the function. As one of the main advisers to the Board, this role will require a dynamic approach to establishing and monitoring key performance measures of the trading operations throughout Europe. European fiscal and other financial accounting issues are also within the scope of this role.

Candidates will be qualified accountants who can demonstrate success in a similar role, preferably within a European setting. First class analytical skills, commercial acumen and the ability to get results in a fast moving, challenging environment are essential as are drive, determination and the will to succeed.

To explore this outstanding career opportunity, please reply in confidence, quoting reference Z111 and enclosing a full cv, to Frances A Bell, AAD Recruitment Consultants, 7 Curzon Street, London W1Y 7FL.

**AAD**

The Advised Appointments Division of Odgers and Co. Ltd.

## EUROPEAN FINANCIAL DIRECTOR

£45,000 + Car + Benefits

Due to expansion on the continent, 1992 Open Markets, and long term growth potential in Eastern Europe, a challenging new position has been created within this high profile entertainment and consumer products marketing company.

Reporting directly to the USA, you will have autonomous financial responsibility for current and future Euro-sub-sidiaries. Although based in London there will be significant short-term European travel.

"Hard-nosed", visionary and proactive, you must be an ACA with at least seven years proven commercial experience. Ideally, with start-up and European exposure.

For an informal discussion in confidence contact Jeremy Preston: 071-636 7584 or 081-948 6336 (W/E or evenings).

**ACCOUNTS**  
2000

Accounts 2000 Ltd, 11 Harley Street, London W1N 1DA. Telephone: 071-636 7584. Fax: 071-580 3734

## Accountants

Zurich based

Our client, a premier US Investment Banking House, seeks to appoint two qualified accountants to support its business in this challenging and demanding market place.

These financial accounting roles will involve preparation of periodical financial statements, monitoring of compliance in accordance with local regulations and tax administration.

It is envisaged that candidates will be of Swiss origin, familiar with local accounting standards and fluent in German as well as English.

Suitably qualified candidates seeking a challenging career with excellent remuneration prospects, should write in strict confidence to: Corinne Simmons (Ref. GR/97), Vine Potterton Limited, 152/3 Fleet Street, London EC4A 2DH. Please enclose a full CV and list separately any companies to which your application should not be sent.

**VINE POTTERTON**  
RECRUITMENT ADVERTISING

## Director of Finance

c£42,000 London

Tourism is one of Britain's largest industries—a sector that provides employment nationwide, that attracts foreign income and accounts for over 4% of GDP. The remit of BTA is the promotion of Britain internationally, and ETB the domestic marketing and development of tourism in England. We are currently seeking a Director of Finance to join us to ensure sound financial management of both Boards and cost effectiveness and value for money throughout our diverse operations.

The Director will be a strategist able to represent the Boards' interests to their sponsoring Government department, and to balance the demands of a variety of interests, including the twelve English Regional Tourist Boards, BTA's international activities and the development of IT applications.

This is a function that requires the development of a long term view and the evolution of guidelines and parameters for a devolved management structure. As such it requires a qualified accountant with exceptional management skills, preferably honed in a public sector environment. A record that includes corporate development, involvement with the private sector and a commitment to IT would be a distinct advantage.

As well as the opportunity to make a valuable contribution and to utilise one's talents in a worthwhile and interesting area, the position attracts a salary of c£42K and a range of benefits that includes performance related pay.

To apply, please write with your CV and current salary to: Graham Meaden, Assistant Director Personnel, BTA/ETB, Thames Tower, Black's Road, Hammersmith, London W6 9EL.

**BTA**  
British Tourist Authority

**English**  
TOURIST BOARD

## FALMOUTH

School of Art & Design

### DIRECTOR OF FINANCE

Salary in excess of £28,000

Applications are invited for the post of Director of Finance. The School is a well established and highly successful Higher Education Corporation with an international reputation.

This is a challenging opportunity for a qualified accountant who will be responsible for all aspects of the School's financial management. Specific responsibilities include: management reporting and forecasting, planning and preparing the annual budget, preparation of the final accounts, and systems development. The current turnover is £4.9m and the existing support team includes a Management Accountant and four Finance Assistants.

You will be expected to contribute towards the long term strategic growth of the School. As a Senior Manager you must have good interpersonal and communication skills. An innovative, pro-active approach to work is essential.

The School has an excellent location in an environment of outstanding natural beauty.

Further information and application forms are available from Lorraine Smith, Personnel Administrator. Closing date for completed forms is 1st June.

Falmouth School of Art & Design, Woodlands, Falmouth, Cornwall TR11 4RA  
Telephone: 0223 211077  
Falmouth School of Art & Design is an equal opportunities employer.

## FINANCIAL DIRECTOR

Chester Area

Up to £40k + Car + Bonus

Pilkington Communication Systems Limited (PCSL) is a wholly owned subsidiary of the Pilkington Group. PCSL is widely recognised as a leading provider of turnkey datacommunication systems. During the past 5 years the company has grown successfully to a turnover of £25m, mainly by providing high technology solutions to prestigious clients in the UK, USA and Europe. Our success has been achieved through a team of people who are bright, energetic, technically and commercially strong and totally committed to success.

We are seeking someone to join the PCSL Senior Management Team, who will have the drive and commitment to enable the business to achieve its full potential within the contracts environment. The successful candidate will be a qualified accountant and will be expected to provide strong financial and

commercial leadership across the organisation. Substantial experience in a senior financial position in a company which undertakes contracts in the building and construction industry or similar is essential.

This is a senior management appointment, the remuneration package will reflect the importance of the role. A relocation package is available if required.



**PILKINGTON**

Please write, enclosing a full C.V., or telephone Sara Cress.  
Pilkington Communication Systems Limited,  
Kimmel Park, Bodelwyddan, RHYL,  
Chwyd, LL18 5TY.  
Tel: 0745 589252 or Fax 0745 589302

**Price Waterhouse**

EXECUTIVE SELECTION

## Deputy Tax Manager

UK Multinational - Project based role

c£60,000 + benefits

London area

This £multi-billion turnover, UK based manufacturing Group is strongly diversified, acquisitive and has a solid profit record.

Historically, the Group has encouraged a creative and keenly proactive spirit amongst its tax specialists and as a result of growth and acquisitions, the role of the Group Tax function has increased significantly in respect of both UK and international work.

Consequently, an additional heavyweight calibre individual is now required to supplement this highly motivated team.

The role envisaged is a challenging one and provides tremendous opportunities to work at the heart of a major Plc. Essentially it will be project-based, providing close support to the existing Head of Tax

and requires an active degree of involvement in the co-ordination of both the Group's UK and international tax strategies.

An unusual role such as this requires an unusual candidate. Probably a qualified accountant and graduate, you will have significant experience in both international and UK tax. You will have held a senior position in industry and now be seeking a move to a major Plc.

We are not seeking someone at home only in a bureaucracy. This role calls for a creative, enquiring mind - someone who can look around and beyond the obvious routes. In addition, you must be able to hold your own with Directors and Senior Line Management and share a vision of the dynamic and proactive commercial role which an

effective tax function can adopt in the 1990's.

In return, this Group can promise that you will never be bored - rather, you will work in an intellectually stimulating and constantly challenging environment, at the cutting edge of commercial tax practice.

For an informal and entirely confidential discussion please contact Hamish Davidson on 071 939 6312.

Alternatively write to him enclosing a full CV and quoting reference H/1257/FT at:

Executive Selection Division  
Price Waterhouse  
Management Consultants  
Milton Gate  
1 Moor Lane  
London EC2Y 9PB  
Fax: 071 638 1358

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

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STEPHANIE COX-FREEMAN  
071 873 4027



"... 2nd fastest-growing independent company in the UK ..."



## INTERNATIONAL FINANCE

South Bucks

Madge Networks Ltd is a very fast growing £40 million turnover international business. The Company designs, produces and sells a wide range of 'leading edge' products for networking personal computers.

Although U.K. based, Madge Networks generates half of its business in North America and more than 30% of sales in Continental Europe and the Far East. Innovative technologies and aggressive marketing have enabled the Company to double revenue every year since its formation in 1986.

Future plans are equally dynamic and include:

- The establishment of a new Group Headquarters in the U.S.A.
- Projected flotation of the Company on a U.S. Stock Exchange.
- Formation of a South Buckinghamshire based European Headquarters operation in 1992.
- Establishment of new subsidiaries in Germany and Singapore in 1992 to increase penetration in the European and Far Eastern markets.
- Substantial organic revenue growth throughout the world.

These exciting plans have created the need to recruit two senior finance professionals. As key appointments, they are expected to lead to further prospects in the U.S.A., U.K., Europe and the Far East.

\* Source: The Independent on Sunday 12.4.92.

## GROUP ACCOUNTING MANAGER

to £40,000 + Car

This new role will report to the Finance Director and will have specific responsibility for managing the Group Accounting function. Based in High Wycombe, duties will include:

- American Securities and Exchange Commission reporting.
- Assisting in the projected U.S.A. flotation.
- Monthly financial reporting and consolidation of subsidiaries results.
- Supervision of the Group Financial Accounting function.
- Annual statutory reporting to comply with U.S., U.K., European and Far Eastern legal requirements.
- Development of consistent Group reporting procedures and controls.
- Tax planning and investment management.
- Business analysis and investigations.

Applicants, aged 28 to 35, must be graduate accountants with either an ACA or CPA qualification. Exposure to international accounting issues is essential and must include practical involvement in American SEC reporting.

Applicants should write, enclosing a Curriculum Vitae and details of current salary, to: Peter Ward ACMA, Martin Ward Anderson, Lords Court, St Leonards Road, Windsor, Berkshire SL4 3DB.

## FINANCE & ADMINISTRATION MANAGER

to \$35,000 + Car

This new role will have overall responsibility for financial planning and control of the Group Research and Development Centre, based near Amersham in Buckinghamshire. Responsibilities will encompass:

- Strategic and operational business planning.
- Financial evaluation of alternative product and technology investment projects.
- Installation of management reporting and costing techniques.
- Development of computerised information systems.
- Supervision of site finance and administration functions.
- Financial accounting for the R&D Centre.
- Provision of commercial advice and support to senior R&D Managers.

Candidates, aged 28 to 35, must be graduate qualified accountants with management accounting and systems experience gained in a manufacturing or project driven environment. Strong intellectual abilities should be combined with good interpersonal skills and a flexible approach to problem solving.



MARTIN WARD  
ANDERSON  
FINANCIAL EMPLOYMENT CONSULTANTS

# SAFEWAY Commercial Controllers

Maidstone • Bristol • Warrington • Newcastle

c £30,000 + Car + Benefits

Our client, Safeway PLC, the main trading subsidiary of the Argyll Group, is the third largest food retailer in the UK, housing annual sales in excess of £3.5 billion.

Consistent achievement of ambitious growth plans has been well documented, praised by independent observers, recognised by investors, and deeply envied by competitors. There are many examples of companies which have failed to meet the demands and complex management tasks of recent years - Safeway is not one of them.

The principles of quality, choice and unbeatable customer service, all reasons behind the success story, are now firmly embodied in the culture of the business in every region, in each division, and at each and every level of the organisation. A rare level of pride, determination and well placed confidence permeates throughout.

A new role, that of Commercial Controller for each region, has been identified as the next key stage of dynamic improvement. Reporting directly to the Regional Director and a strong 'dotted line' to the Retail Administration Director, critical influence over regional performance will be exercised through financial and commercial responsibilities. Supervising a team of four, principal duties include the provision of support, information and guidance in the following areas:

- First line financial evaluation of all major capital and revenue projects.
- Co-ordination and performance analysis of the regional profit plans and budgets.

- Problem solving and the identification of commercial opportunities, steering Regional Management towards a greater appreciation of financial and performance issues.
- Systems maintenance and procedural administration.

The role requires communication and contact with many key non-financial managers, both Regionally and at Head Office.

Suitable candidates are likely to have a minimum of two years post qualification experience in a leading retail or FMCG environment, where they have shown a significant contribution to the business. Additionally, qualities of innovation, resourcefulness, diplomacy, persuasion, communicative skills and strength of character must be displayed, together with a strong and urgent sense of commercial awareness.

On offer is not just an excellent remuneration and benefits package but the opportunity to play a vital and pioneering role in the future of this exciting, dynamic, and highly successful company.

Interested applicants should write, enclosing a comprehensive curriculum vitae and stating their preferred location, to Renny Hayes BA ACA at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berks SL4 6BW. Please quote reference: FORH.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow & Worldwide

European  
Operational Audit

Global  
Multinational

S.W. London

ACA/ACCA/ACMA  
(2-3 years PQE)

£ Neg + Car  
+ Benefits



As a world leader in international commodity trading, manufacturing and raw products processing, our client has retained its position through its ability to develop new and more effective ways of bringing basic goods and services to consumers throughout the world.

Recent internal restructuring has generated the need to recruit an individual to assume a management role within the European Operational Audit Team. The Department has responsibility for reviewing procedures, controls, the integrity of results and ad hoc projects as requested by Country Controllers.

The successful candidate will be based in S.W. London but will be expected to travel throughout Europe for approximately 25% of the time. Acting as a link between Senior Management and the Operational Audit Teams the position is extremely proactive and high profile. This role is seen as an excellent entry point before moving into other areas of the group either in the UK or overseas.

This opportunity will appeal to a qualified Accountant with 2-3 years post qualified experience either in Public Practice or Commerce. The ability to speak a second European language would be an advantage but it is not a necessity. An aptitude to communicate at all levels and the desire to pursue an international career in a highly successful company is essential.

Benefits include an attractive remuneration package, company car, the opportunity to gain senior management exposure and develop an outstanding career based entirely on merit.

For further information in strict confidence contact Robert Walker or Brian Hamill on 071-287 6285 (evenings and weekends 081-977 2603). Alternatively, forward a brief resume to our London office quoting Ref: RW 1260.

**WALKER HAMILL**  
Financial Recruitment Consultants

29-30 Kingly Street London W1R 5LB Tel: 071 287 6285 Fax: 071 287 6270

## Group Financial Controller

North of London

c £42,500 + Bonus + Car

Our client is a highly profitable, acquisitive plc, operating internationally in the design and manufacture of advanced electronic engineering products. Group turnover is approaching £175m and is expected to grow substantially over the next five years.

The Group Financial Controller will be responsible for managing the financial infrastructure of the business during a period of significant expansion. The brief will cover all aspects of management and statutory reporting, treasury, taxation and systems development. Particular emphasis will be placed on the provision of financial advice, guidance and leadership to operating company management, in both existing and

newly acquired subsidiaries.

Candidates, aged up to 35, should be qualified accountants who can demonstrate a strong track record of achievement, gained in a well managed manufacturing/engineering environment. Excellent communication and interpersonal skills, coupled with above average intellect and strong personal drive, are essential requirements.

Relocation facilities are available where appropriate and interested applicants should forward a comprehensive curriculum vitae, quoting ref: 2655, to Alan Dickinson FCMA,

Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

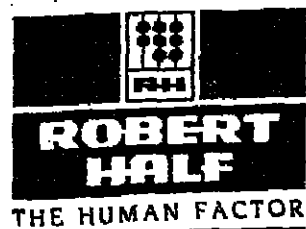


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BREAKFAST

If you wish to attend this free breakfast, please write to Rachelle Nelson at Robert Half, Freepost, Walker House, 418 The Strand, London WC2R 0BR. (Telephone: 071-836 3547)



THE HUMAN FACTOR

FINANCIAL TIMES  
EUROPE'S BUSINESS NEWSPAPER

## EFFECTIVE NEGOTIATING Dealing with Difficult Negotiators

on Tuesday 2nd June 1992  
At The London Marriott Hotel, Grosvenor Square,  
London W1 8JL 8.15am - 9.30am

Profits are earned because you negotiate for them, not because you deserve them. In the quality-conscious market of the 1990s a winning product is not always enough. Careful negotiation makes you more effective in getting what you want in a competitive environment and keeps you in the driving seat. Poor negotiators damage good businesses and ruin those in trouble.

Gavin Kennedy looks at negotiating styles and focuses on getting the upper hand of the aggressive and difficult negotiator. His talk will cover:

- Not giving in under pressure - what to do and what to avoid when under attack from a bullying and intimidating negotiator.
- How to cope with negotiators who are covert cheats - how to reveal the 'cheat's' true intentions and protect your own interests.

- How to develop confidence and adopt an assertive style to cope with competitive manipulation.
- Tactics, plays and gambits - how to neutralise tactical manipulation - applying the Conditionality Principle.

Gavin Kennedy is Managing Director of NEGOTIATE LTD and a Professor at the Esmee Fairbairn Research Centre, Heriot-Watt University. Formerly a Professor in the Dept. of Accountancy and Finance at Heriot-Watt, Gavin also taught at the University of Strathclyde Business School. His books on Negotiating include: 'Managing Negotiations' (co-author) (1980), 'Everything is Negotiable' (1983), 'Negotiate Anywhere' (1989), 'Superdeal: How to Negotiate Anything' (1989), 'The Economist Pocket Negotiator' (1988), 'Kennedy's Training Exercises in Negotiation' (1991), 'Kennedy on Negotiation' (1992). His books have been translated into Dutch, German, Swedish, Spanish, Chinese, Japanese and Portuguese.

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## THE PROPERTY MARKET

## Paris: a tale of two halves

By Vanessa Houlder

The government is trying to tilt the city's axis to the east in an effort to spread wealth to a deprived part of the capital, which suffers from industrial dereliction and the concentration of decision-makers in the west. To help the process, it is prepared to move one of its key government ministries to the east. But the project's momentum is threatened by the poor state of the market after a fall-off in demand and a surge in building following a relaxation of controls.

The description fits both London and Paris. This tale of two cities contains many parallels, although the contrasts are perhaps even more striking.

Tax incentives and laissez-faire planning policies have been at the heart of developing London's east end in recent years. The development of Paris, however, is being forged by a policy of interventionism, extravagant government gestures and partnerships between the public and private sectors.

As with London, the need to regenerate eastern Paris was recognised by the authorities in the 1970s. But it was not until 1983 that the Council of Paris drew up its planned programme for east Paris. The proposals have been reinforced with the region's structure plan, the *Le Plan Blanc*, published in 1990, and blueprints drawn up by Mr Jacques Chirac, the mayor of Paris, which featured 'Zacs' - partnerships between the public and private sectors.

Both London and Paris have been confronted with the challenge of changing the image of their eastern districts. In spite of being close to the heart of Paris, the eastern *arrondissements* of the city have more than their share of urban blight, poor housing and high

unemployment. Although the eastern *arrondissements* are not as cut off from the centre as London's Docklands, there is a need for improved transport. A new metro will be completed by 1996, cutting the journey from Bercy to Gare St Lazare from 20 to 6½ minutes.

In Paris, some grand projects, most notably the new opera built on the site of the old Bastille railway station, created a wave of publicity.

Yet more publicity was generated with the launch of the Seine Rive Gauche development, a new business district which will eventually stretch along both banks of the Seine in the 12th and 13th *arrondissements*.

Developers are also trying to inject some life into the area. Bercy village, which is due to be completed in the next two years, is a shopping district located in renovated wine warehouses and their vaulted cellars, with more than 100 restaurants and boutiques.

Perhaps the most significant development has been Euro-Disneyland, 32km to the east. Many French people are sceptical about its influence, but its supporters believe that the publicity before its opening earlier this year and the sheer number of visitors will be a huge boost to the eastern side.

The government has moved its ministry of finance from the Louvre to a huge edifice in Bercy. In spite of the architectural merits of the Bercy premises, the move was not welcomed by officials. "It is rather like taking the UK home office to Croydon [in south London]," says Mr Robert Waterland, president of

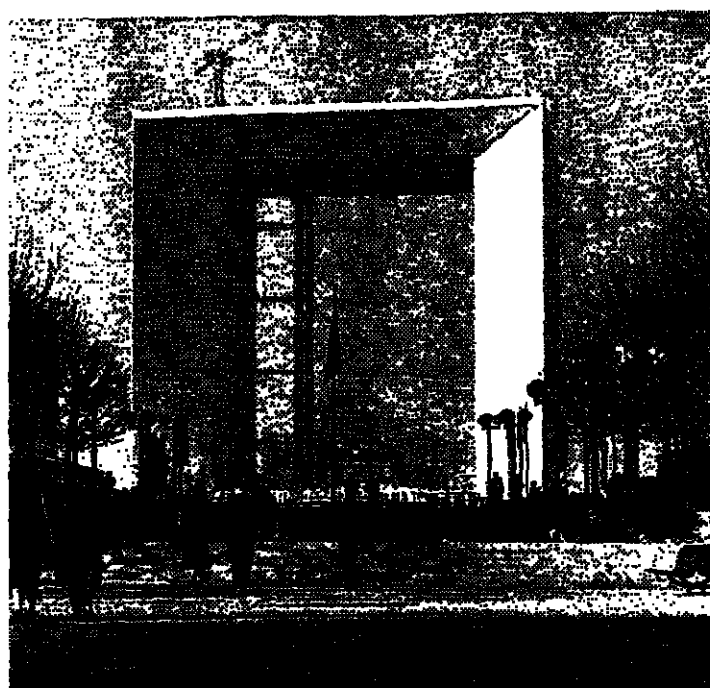
surveyors Jones Lang Wootton, Paris.

Bercy has yet to win the hearts of Parisians. Changing the character of an area and the preconceptions of its citizens takes time. The growth of the east will also be affected by the fall in the Paris property market. "The east is in danger of losing its economic edge," says Mr Waterland.

The Seine Rive Gauche scheme resulted in a bout of speculative fever in 1988-89. "In anticipation of the success of the project, developers were quick to buy sites in surrounding areas, trusting that the idea of a new office pole would be enough to attract occupiers. In a less buoyant market, however, take-up has been lower than expected," says Jones Lang Wootton.

If the intention of moving the finance ministry to Bercy was to establish a new financial district in the area, the task is likely to be a lengthy one. Société Générale, the French bank, had been interested in relocating to another development area on the left bank of the Seine, but it could not reach agreement on the price of land and so decided to move to La Défense.

But it would be a mistake to underestimate the government's powers of persuasion. While the UK government has used rates holidays and tax breaks - with mixed success - to develop London's Docklands, the French government has rather more direct influence over company relocations. Tenants need



Grand intervention: the Grande Arche de la Défense in Paris

to win official approval before they take on large amounts of new space. Moreover, developments on the western side of Paris are being discouraged. In 1988 Mr Michel Rocard, then prime minister, announced measures to favour the less sought after eastern suburbs of Paris, away from the popular area of La

Défense. "Ten years from now it will be comparable to La Défense," says Mr Jean-Pierre Hennequet, managing director of the New Bercy project, which comprises Bercy village along with 50,000 square metres of offices, a food and drink trade centre, a hotel, conference centre and

cinema in the old wine district. The comparison is pertinent. Indeed when London and Paris compare notes, the parallel is usually drawn between La Défense and Docklands.

La Défense, like London's Docklands, is seen as a less expensive alternative to the central business district and, like Docklands, it has not always had an easy ride. However, there the similarities end. The French government has had a hands-on involvement with the project, most notably with its generous provision of transport links.

The origins of La Défense date back to President Georges Pompidou, who was keen to develop a business capital, partly, it was said, in a bid to accommodate the offices of the European Community.

The plan was slow to get off the ground. "After the oil slump of the 1970s it was a disaster," says Mr Colin Bird of DTZ, the international agency of surveyors Debenham Tewson & Chinnocks. "We were trying to let buildings at rents that would cover the service charges."

Since then La Défense has taken off. It is prestigious, well connected and cheaper than the central business district, where the typical office building is more than 100 years old and lacks large floor spaces and air-conditioning. "It has a good image, better than the Golden Triangle [the area at the heart of Paris] in some respects," says Mr Jean-Pierre Pajon of Gledes, a long established UK firm of quantity surveyors in Paris. When the US brokers Salomons visited La Défense it was impressed

with its list of prestigious tenants. "If Brussels is the political capital of Europe, then La Défense is the corporate capital of modern Europe," it concluded.

La Défense is not to everyone's taste. It is often described as a concrete jungle; many Parisians shudder at the idea of living there, even though it has some 200 shops, 20 restaurants and nine cinemas.

The most recent example of government intervention in Paris is the Grande Arche de la Défense. This hollowed-out cube would easily accommodate Notre Dame and its towers. Its alignment with the Eiffel Tower, the Louvre museum, the obelisk of the Place de la Concorde and the Arc de Triomphe adds to its monumental qualities.

In spite of its emphasis on the development of the east, the French government has not turned its back on La Défense. In August 1980 it unveiled a 150km urban development scheme that will double La Défense's surface area and extend the thoroughfare starting at the Louvre museum a further two miles past La Défense. The emphasis will be on housing.

Paris is currently an unlikely model of planning and development. The city has been hit hard by the slump in the property market, following temporary deregulation in the mid-1980s which led to an increase in supply.

None the less, vacancy rates are among the lowest of any European capital at less than 5 per cent. And by avoiding the laissez-faire policies of other European markets, Paris has escaped the peaks and troughs of the US and UK. On current evidence, the regeneration of the French capital's eastern districts is likely to be more successful than the comparable efforts in London.

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# Breaking the taxman's code

Virginia Rounding went through the hoops in an attempt to become a top civil servant. She found that her Renaissance concepts were not enough

Number 24 Whitehall has a daunting look about it. It is the home of the Civil Service Selection Board and the place where Britain's high-flying civil servants are chosen. I recently went there for a two-day programme of tests and interviews - in the hope of joining Her Majesty's Tax Inspectors.

Inside everything is painted an institutional dark green and most of the rooms are empty. The first test is to find the third floor common room - not easy as the door is closed and displays an arrow pointing somewhere else.

Inside, two rows of armchairs face each other and are gradually filled by nervous-looking applicants. Most look like recent graduates, in their first suits, and there is only one other woman. No one speaks.

At 9am, the CSSB administrator arrives with a silent colleague who hands out badges displaying our names and numbers as well as a clip-on lunch pass. We are led off for our first assignment.

This is called "Biographical Information". After filling in our CSSB number, we have 35 minutes to write about our leisure pursuits,

important memories, our regrets, and experiences that have marked us. We have to describe ourselves as both our best friend and worst enemy might see us. There is also the usual Civil Service interest in parental places of birth, ages at death and so on.

At this point we are told about the competition. There are 15 vacancies this year; there were more than 2,000 applications and we are now in the last 75 to 100.

Next we have coffee and rather nice biscuits while we meet our assessors - the chairman, an "observer" and a psychologist. We are put in groups of four and sit round an oblong table, while the three assessors look on silently.

The observer selects a topic - "Should boxing be banned?" - and we discuss it while the assessors take notes, their faces betraying nothing. Without warning, the observer changes the subject: "Will universal peace ever be attained?"

Ten minutes later we are sent back to the test room. Each candidate is given a dossier entitled "Sink or Swim".

The problem is centred on a fictional shipyard - Hopper Ltd

which is experiencing problems. Three options are available: to let Hopper go bust and buy from the US the Navy supply vessels that it makes; to save the yard with an injection of public funds; or to let a Far Eastern company buy it. Candidates have two hours to write an analysis and recommendation for "our minister".

This takes us up to lunch, when most of us decide to avoid the subsidised restaurant - wisely, we gather from those who do try it.

The afternoon begins with the first of the "cognitive" tests. Rather like Mensa intelligence tests, these are supposed to introduce an objective element and have to be completed at great speed.

Next, we write a letter on behalf of our "minister" giving a diplomatic response to somebody who has been laid off at the shipyard.

My last assignment of the day is an interview with the psychologist. She is friendly, but I leave with the impression that she finds me odd. There is no-one in the common room, so I remove my badges and go home.

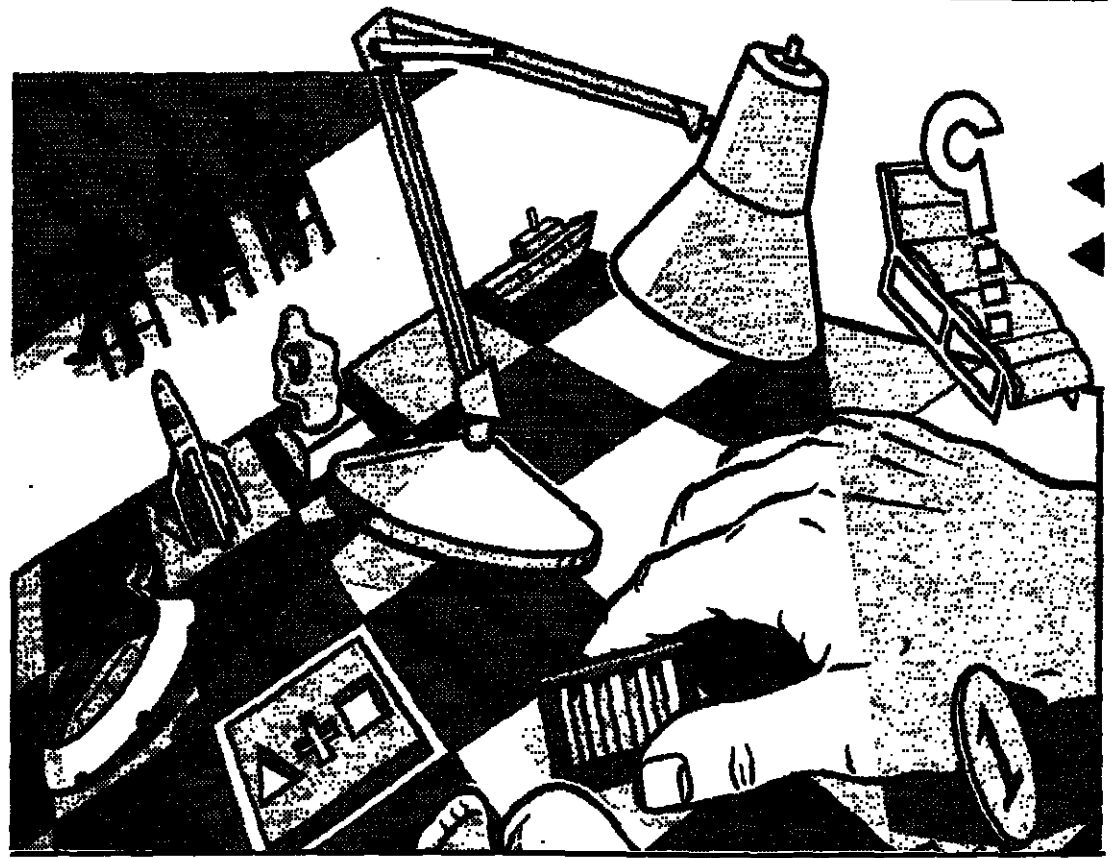
The next day is a similar mixture of tests, group work and interviews;

by now there is a certain camaraderie among the candidates. The first part of the morning is taken up by an exercise in which we each chair a 15 minute meeting. In the first session, we pretend to be embassy staff at an emergency meeting called by the British Ambassador to Bratislava. The prime minister is arriving tomorrow, but British sailors have been disgracing themselves and are now in jail. Local and British journalists are writing inflammatory copy. Our job is to tell the PM whether to come.

Next we weigh the pros and cons of spending £50,000 on a park for the disabled rather than a sculpture called "The Hulk", and discuss the merits of a football stadium on the site of the defunct Hopper's Shipyard. The assessors remain impassive.

Today's cognitive tests are horrible, especially the one where you have to fill in the missing domino in what look like increasingly random patterns. But the young man next to me finishes early and sits ostentatiously creaking his shoes.

There remain the interviews with the observer and the chairman. With the observer, a civil servant



from another department, I discuss creeping privatisation in the NHS and the merits of the National Curriculum. The chairman, a retired tax inspector, seems in reflective mood and we end the day discussing the Renaissance concepts of *decoro, sprezzatura* and *grazia*.

And that's the last I hear from CSSB - until a week later when I receive a two-line letter saying I have not been selected for appointment as HM Inspector of Taxes. Oh well, I never did like playing dominoes much.

The author has returned to her job as an administrator of The Consort of Musick, an early music group.

Christopher Lorenz explains why Nestlé is moving the head offices of some of its businesses

## A change of address on Quality Street



Very few multinationals have yet taken the radical step of shifting the global headquarters of one or more of their businesses out of the parent company's home country. The best-known to do so is IBM. Late last month the select band was joined by Nestlé.

In the wake of its controversial takeover of Perrier, the Swiss food group made the astute move of announcing that the HQ of its mineral water business would be transferred to France.

Yet only a few months earlier, Nestlé made a quiet shift in precisely the opposite direction with another high-profile business, confectionery. It unwound an international strategy group for confectionery which, as part of its politically-sensitive acquisition of Britain's Rowntree in 1988, it had established with leadership in York. Rowntree's headquarters in northern England.

In one sense, the unwinding of the York arrangement was only to be expected. Nestlé has a managerially sensible (and politically con-

venient) habit of allowing its acquisitions a long leash while both sides get to know each other. It tends to integrate them fully into its organisation only after three years or more. Yet critics might claim that Nestlé has broken the promise it gave to the citizens of York, and Rowntree's more chauvinistic shareholders, at the time of the 1988 takeover bid.

The reality is both more straightforward and more complicated.

It is more straightforward in two senses. First, any feeling of betrayal should be removed by the fact that the confectionery strategy shift, from York to Nestlé's headquarters in Vevey on Lake Geneva, was advocated strongly by its English ex-Rowntree management, who found the original arrangement difficult and exhausting to manage.

Second, mineral water and confectionery are two very different cases.

The former is a much newer and less well-developed business for Nestlé than was confectionery, and much more based in one country, with only a handful of export markets. Perrier also dwarfs Nestlé's existing businesses in the field, whereas Rowntree merely doubled Nestlé's existing chocolate interests. The French HQ could, therefore, prove longer-lasting than was the York-led strategy group.

There are also two main reasons why the reality of the York group's unwinding is more complicated than it might seem. First, the confectionery unit's staff were never all based in York, as many outsiders thought. Four-fifths of its 80-plus staff worked in Switzerland under the leadership of the Rowntree boss in York.

Second, the unwinding of the confectionery strategy group occurred last autumn not in isolation, but as

part of a radical reorganisation of Nestlé's corporate HQ. Among other things, this involved the creation of a set of "strategic business units" (SBUs) in Vevey for each Nestlé business. Many of the tasks of the former confectionery strategy group have now been subsumed into an SBU which covers confectionery and ice cream, with a staff of only about 20. York still plays a special role within Nestlé, since a much-expanded research and development centre there has retained the lead international responsibility for Nestlé's chocolate R&D.

The new SBUs are intended to be a head office counterweight to Nestlé's independent-minded national operating companies. But why was the strategy group so difficult to run from York in these days of electronic communication and regional jet flights?

Two men, above all, can explain

the chocolate rethink. The first is 49-year-old Peter Brabeck, an Austrian who recently joined Nestlé's group management. He now supervises, among other people, the heads of four SBUs, including the confectionery and ice cream unit (its head is an ex-Rowntree Briton).

Having had several years of bitter experience trying to co-ordinate Nestlé's Buitoni pasta business in the late 1980s, when it was still being run from its original Italian HQ, Brabeck declares that "you can't physically devolve yourself from the power circle in Vevey; that's where the shoulder-rubbing has to take place".

This is precisely what the second key player in this drama, Peter Blackburn, found when he ran the confectionery strategy group for two exhausting years. "Ran" is very much the operative word.

Blackburn, a Rowntree man for 20

years, took over chairmanship of the strategy group in May 1989. "I got increasingly sucked into Vevey because of the need to talk to the various regional managers, and to all the corporate functions and services," he says.

"I travelled there two or three times a month for between three and four days. It took me seven or eight hours just to do the one-way journey." On top of that, he had to travel the world.

Within a year, he told the Nestlé top brass in Vevey that when the time came to hand the strategy job over, "my successor mustn't be put in York". That change occurred in 1991 when Blackburn moved to London to become head of Nestlé UK (which now includes Rowntree).

Even after everyone had got to know each other, "things wouldn't have improved materially," says Blackburn. "I don't believe in elec-

tronic communication: face-to-face discussion is vital, especially in a group the size of Nestlé. This principle is very much encouraged within Nestlé - even if it creates for some top managers a hectic, Blackburn-style travel schedule.

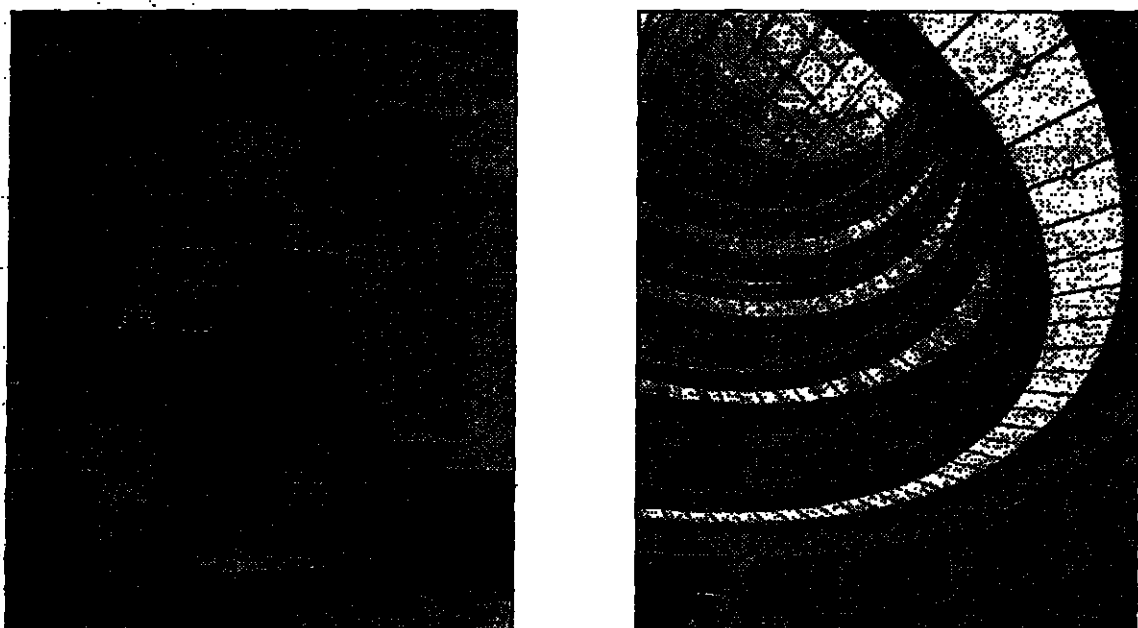
Could a new head of the strategy group not have moved to Vevey, leaving some subordinates in dispersed locations such as York? On the same principle, why not base the heads of the new SBUs at Vevey, but leave some staff in York and elsewhere?

Peter Brabeck points out that, if Nestlé's new structure is to work smoothly, all SBU staff - not just their heads - need to have close contact with staff in the various regional units based in Vevey.

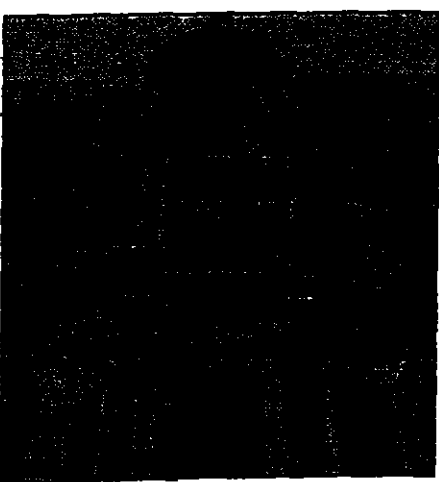
There is also a strong internal logic, within each SBU, for everyone being co-located: the need to turn previously separate functional specialists from marketing, production and so on into a really integrated team. Even as things stand, Brabeck says, the SBU heads and the managers immediately beneath them will have to spend up to half their time travelling away from base.

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NOTICE IS HEREBY GIVEN, pursuant to Section 44 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above companies will be held at The Grand Hotel, Colston Row, Birmingham, on 22 May 1992 at 11.00 am for the purpose of having held before it the report prepared by the Joint Administrative Receiver in accordance with the said Act and, if thought fit, appointing a Committee. Creditors whose claims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are not so secured may only vote in respect of the balance of the amount due to them after deducting the value of the security, as estimated by them. A resolution in respect of a debt due to, or secured by, a bill of exchange or promissory note must be passed by a majority of the creditors who are not so secured. Creditors wishing to vote at the meeting must lodge a written statement of their claim with us at Cork Quay, 43 Temple Row, Birmingham, B2 5TT on or before 12 noon on 21 May 1992. Failure to comply with these requirements may result in the claim being treated as unsecured. (Please enclose an up-to-date copy of the claim form.)  
Dated this 8 day of May 1992.  
Signed for the Receiver and David R. Wilson  
Joint Administrative Receiver

In the matter of the Insolvency Act 1986

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**ELKO ELECTRICS (AUSTRALIA) LTD**

NOTICE IS HEREBY GIVEN, pursuant to Section 44 of the Insolvency Act 1986, that a MEETING of the Creditors of the above named company will be held at the offices of Cork Quay, 43 Temple Row, Birmingham, B2 5TT on 22 May 1992 at 11.30 am for the purpose of having held before it the report prepared by the Joint Administrative Receiver in accordance with the said Act and, if thought fit, appointing a Committee. Creditors whose claims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are not so secured may only vote in respect of the balance of the amount due to them after deducting the value of the security, as estimated by them. A resolution in respect of a debt due to, or secured by, a bill of exchange or promissory note must be passed by a majority of the creditors who are not so secured. Creditors wishing to vote at the meeting must lodge a written statement of their claim with us at Cork Quay, 43 Temple Row, Birmingham, B2 5TT on or before 12 noon on 21 May 1992. Failure to comply with these requirements may result in the claim being treated as unsecured. (Please enclose an up-to-date copy of the claim form.)  
Dated this 8 day of May 1992.  
By order of the Receiver

In the matter of

**THE INSOLVENCY ACT 1986**  
**AND IN THE MATTER OF ARTHUR**  
**BRAND LUXURY KITCHENS LIMITED**

NOTICE IS GIVEN, pursuant to Section 105 of the Insolvency Act 1986 that a general meeting of the Members and Creditors of the above named company will be held at the offices of Cork Quay, Midland House, Nine Street, Plymouth, PL1 2EJ on 5 June 1992, at 11.00 a.m. and 11.15 a.m. respectively for the purpose of receiving an account of the Liquidator's acts and dealings and of the conduct of the winding up to date.  
A.M. Grove Liquidator  
Dated this 8 day of May 1992

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**ELKO ALUMINIUM SYSTEMS PLC**  
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Notice of Creditors: Aluminium Fabricators (1990). Liquidation by Creditors. Registered office: 9 Ball Road, Southampton, SO9 0EJ. Liquidators: Roger William Cook, Cork Quay, Shelly House, 3 Noble Street, London, EC2V 7DQ. Office holder no. 1823. Appointed 6th May 1992. Signed Roger William Cook, Dated 11 May 1992

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## CONTRACTS &amp; TENDERS

## IN THE NAME OF GOD INVITATION TO INTERNATIONAL PUBLIC TENDER

Sugar Cane and By-Products Development Co. affiliated to Ministry of Agriculture of the Islamic Republic of Iran (the company) intends to purchase, through international tender, seven similar sugar plants, each consisting of one 10,000 TCD raw sugar factory together with an integrated raw sugar refinery having a capacity of 60 percent of the raw sugar production rate to be established in Khuzestan Province of the Islamic Republic of Iran.

Machinery, equipment and utilities of the said plants have been divided into 21 sections and 21 separate tender documents including inter alia, instructions to tenderers, contract conditions, specification and drawings have been prepared accordingly.

Descriptions of the 21 tenders and the price of tender documents in U.S. dollars or Iranian rial are as follows:

Tender No.	Subject (for 7 plants)	Price of documents
1.	Weighbridges	US\$400 or 580,000 Rials
2.	Cane unloading and handling equipment	US\$900 or 1,305,000 Rials
3.	Cane preparation & milling plant	US\$2,000 or 2,900,000 Rials
4.	Workshop equipment	US\$1,500 or 2,175,000 Rials
5.	Juice weighing equipment	US\$400 or 580,000 Rials
6.	Juice purification & heating equipment	US\$1,000 or 1,450,000 Rials
7.	Evaporation plant	US\$2,000 or 2,900,000 Rials
8.	Vacuum pans	US\$1,500 or 2,175,000 Rials
9.	Crystallizers	US\$900 or 1,305,000 Rials
10.	Centrifugals	US\$1,400 or 2,030,000 Rials
11.	Refinery equipment	US\$2,000 or 2,900,000 Rials
12.	Lime Kiln	US\$900 or 1,305,000 Rials
13.	Final molasses handling & storage equipment	US\$800 or 1,160,000 Rials
14.	Laboratory equipment	US\$800 or 1,160,000 Rials
15.	Steam generation plant	US\$2,000 or 2,900,000 Rials
16.	Water treatment plant & firefighting system	US\$800 or 1,160,000 Rials
17.	Powerhouse & electric distribution equipment	US\$2,000 or 2,900,000 Rials
18.	Waste water treatment plant	US\$800 or 1,160,000 Rials
19.	Raw and refined sugar warehouse equipment	US\$900 or 1,305,000 Rials
20.	Heating, ventilation & air-conditioning systems	US\$800 or 1,160,000 Rials
21.	Instruments & controls	US\$1,200 or 1,740,000 Rials

Scope of works in respect of each section includes the manufacture and delivery of the machinery and equipment as per the prepared specification, supervision of their erection and commissioning as well as training of the company's staff.

Participation in each tender necessitates submission of a tender guarantee for the amount specified in the relevant tender documents.

Interested manufacturers and firms are hereby invited to participate in the above tenders. Eligible manufacturers and firms may choose to participate in the tender call for one or more or all of the 21 packages.

Tender documents may be purchased at the following place as of 20.05.92 until the close of working hours on 3.06.92 against presentation of the receipt for payment of the price of documents to acct. no. 100164 with Bank Saderat, Mostaghel Jomhoori Branch in foreign currency, or Account No. 42315 with Keshavarzi Bank, Dolati Branch, for the payment of said documents purchase price in Rials.

Sugar Cane & By-products Development Co.  
Secretariat of the Transaction Committee, end of Seyyed Jamaledin Assadabadi Ave., Brazil St. No. 60, Tehran - Iran.

Further information may be obtained by communicating via Telex No.: 212417 or Telefax No.: (98-21) 4660666 or Telephone No. (98-21) 625894 - 638833 - 624136

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Sparkassen Aktiengesellschaft



# Square pegs in round holes

Judy Dempsey finds that Russian tanks are having a difficult time adjusting to civilian life

For years, employees at the Lenin Engine Factory in Chelyabinsk, a sprawling industrial city in the Ural, made tanks and tractors.

The plant, part of a complex of enterprises set up by Stalin in the late 1920s, was in a privileged position. Money flowed in from the ministry of defence of the former Soviet Union to support a sector which was designed to turn the Soviet Union into a great superpower.

Today morale at Lenin is low. Some of the production lines of an enterprise which employs 45,000 workers are making equipment for invalids.

As part of bilateral agreements in arms reductions between the US and the former Soviet Union, and unilateral reductions on the part of the Russian side, the factory can no longer afford to roll tanks off the production lines.

Funds, and orders from the ministry of defence, have been sharply reduced. Many at the factory are asking: what impact these arms reductions will have on their jobs. Indeed, many are asking if it is really possible to convert tanks into wheelchairs.

Oleg Guz, the 36-year-old manager of the tractor floor, recalls how the factory used to manufacture between 250-300 tanks a year. Now, he says, the assembly lines have to concentrate on making tractors, and finding ways to turn excess capacity into civilian products.

"We have stopped making complete tanks here," explained Guz. "However, we are continuing to make parts for tanks, such as

engines. The tanks are assembled at another plant. I cannot tell you how many engines the [Russian] ministry of defence have asked us to make for 1992. This is still classified information."

The plant first started the process of converting military equipment to civilian projects in 1989. But Guz said it could take three years to complete the conversion. "There is no method in the conversion. There is no clear sense of direction from the central authorities. I suppose we will have to rely on our own resources in the future, and keep whatever profits we make in the factory itself," he added.

Even if the plant continued to make tanks and weaponry, Guz now recognises how the international market for such machinery has become competitive. The performance of western tanks in the Gulf war was a salutary lesson for Russia's military establishment.

"It was embarrassing for us. When we were producing the tanks, we were just following orders. We had no information on the levels of western superiority and quality. We now realise we have to produce goods which are marketable. That's why we need some joint ventures with western firms," said Guz.

Yuri Doslav, who has worked in the plant for 31 years, shares the same sense of uncertainty. "We never had to think about the future. Everything was controlled by the centre," he says.

Because of this uncertainty, the Russian government has earmarked credit and financial assistance for



Russian tanks: searching for a new sense of direction

the sector. Andrei Nechaev, Russia's economy minister, explained how soft credits would be lent to certain enterprises specialising in the production of military equipment.

"To activate the process of conversion, we are going to lend Rb 42bn to some enterprises. This money will be used for special projects related only to conversion. All enterprises which do not have orders from the state will have to convert, or else they will have to be closed," explained Nechaev. State expenditure for purchasing arms in

1992 have been reduced by 50 per cent.

The minister added that the Russian government could not ignore the social repercussions arising from conversion, or the sharp reductions in arms production.

"Conversion brings lots of social problems. Sometimes, whole towns are based solely on production of military equipment. If you stop production, you stop the whole life of the town."

In order to guarantee some level of wages, and to cover social expenses, such as hospitals, housing

and kindergartens which in the past have been partly financed by the profits of these enterprises, the government has already allocated Rb 40bn from this year's budget.

But for the workers at the Lenin Engine Factory in Chelyabinsk, Moscow, the seat of the Russian government, this is a long way off.

Sergei Mukharkin, co-chairman of the Union of Workers, an independent trade union, explained that sections of the management are not prepared to respond to the changes sweeping through Russian society.

"The situation here in the enterprises is confusing," said Mukharkin. "Our union knows that some of the management - still the same old communists because there has been no change in the personnel yet - are actually increasing the workers' wages. This is pushing up the rate of inflation. I reckon this is an attempt to undermine the government's reforms," said Mukharkin.

He added that some workers have been forced to sign contracts agreeing to a shorter working week - with a corresponding cut in wages. "If they don't sign the contracts, they will get the sack," he said.

These claims confirm not only the sense of uncertainty and confusion hanging over the military-industrial sector as it tries to come to terms with the collapse of the Soviet Union, reductions in the defence budget and the need to convert and find markets for their products. They indicate potential areas of social unrest for a Russian government which is committed to a reduction in military production and spending.

## Worth Watching - Paul Taylor



### Fibre optics too hot to handle

Cheaper and faster monitoring systems for detecting fire or extreme temperature changes are promised as a result of a simple application of fibre-optics by Ericsson, the Swedish telecommunications group.

Normally fibre-optic cable is unaffected by heat or physical disturbance. But the company has discovered that if the cable is microscopically bent at specific points then it becomes sensitive to temperature change. This can be registered within seconds on a central computer.

The new method, dubbed the Ericsson sensor, is particularly suited to monitoring over large distances or areas. Applications are likely to include fire and entry alarms and monitoring systems for power distribution cables and large heating systems. Ericsson Network Engineering: Sweden, 468 764 0000.

### Helping hand at the dinner table

Help is at hand for many thousands of disabled people who are unable to feed themselves, writes Andrew Baxter.

Handy 1, designed by Mike Topping, development manager at the University of Keele's rehabilitation robotics project, enables severely disabled people to eat unaided.

The product, a robotic arm with contoured spoon attached to an electronic control unit on an adjustable stand, allows users to eat at their own pace. A stalk switch mounted on a flexible gooseneck can be operated by hand or head movements, giving the user control.

Earlier this month, Handy 1 won the £7,000 Institution of Electrical Engineers Prize for Helping Disabled People.

University of Keele, Case Unit UK, 0782 712774.

### Clean sweep for paint brushes

A new lick of paint around the house may look good - but often smells unpleasant. Rohm and Haas, the specialist paint pigment manufacturer, has developed a water-based emulsion paint which is low in ammonia odour and high in opacity.

The new low-odour pigment polymer, known as Ropaque OP-82 LO, is free from formaldehyde and is the latest development in the company's solventless acrylic chemistry.

Indoor and outdoor paints, from matt to gloss, can be made using the new polymer. Rohm and Haas UK, 081 886 8844.

### Sun shines on solar power

Solar photovoltaic cells, which convert sunlight to electricity, could provide an unlimited supply of non-polluting energy.

Sharp, the Japanese electronics manufacturer, has developed an improved single crystal solar PV cell with a conversion efficiency of 22 per cent, the first high-efficiency device of its type capable of being mass-produced.

The new solar cell results from improvements to the reflective back surface of the cell. They improve the reflectivity of the surface to 90 per cent and reduce the loss of electrons generated when sunlight is absorbed by the silicon substrate. Sharp: Japan, 06 625 3007.

### Insect repellent goes tree climbing

Climbing insects, such as ants, can devastate a fruit crop. But an environmentally friendly device which claims to give nearly 100 per cent protection has been developed by Oecos, a Hertfordshire-based company.

The device consists of a 20mm thick foam trapping strip which compresses and moulds to the contours of the tree trunk. This is covered by a green UV-degradable band to protect it from debris and keep it out of reach of hungry birds. It is effective against winter moths, aphids, earwigs and spider mites. Oecos: UK, 0438 832481.

Another milestone in the onward march of multimedia will be passed in September with the worldwide launch of Kodak's much-trumpeted Photo CD system - conversion of 35mm photographs to digital images for display on televisions or personal computers.

By then, two years will have passed since Kodak announced the system, but William Jack, vice-president for worldwide electronic imaging systems and consumer imaging, stresses the US company has not been twiddling its thumbs.

What was a concept, based on an intensive 18-month effort pulling together all the technologies within Kodak, has become a product, with the help of know-how and hardware

## Holiday snaps make TV debut

from outside the company.

In the intervening period Kodak has been talking to software suppliers, hardware manufacturers and systems integrators to establish the Photo CD standard.

"There are no obstacles to the broadest participation by photographic and consumer electronics companies in this one standard," says Jack.

The consumer wishing to play-back photos, new or old, via Photo CD will be able to buy from three Kodak Photo CD players manufactured by Philips in Belgium. But the disks and players will be widely

available through the licensing of Kodak software and the Photo CD trademark.

"You'll be able to read Fuji Photo CD on a disk, and all our photographic competitors will be aboard at the outset," says Jack.

For the computer market, which Jack sees as equally important and in many cases overlapping, the ease of access and use of Photo CD is particularly important, and is being addressed through Kodak's Photo CD Access development toolkit and software. Kodak's discussions have been helped by the computer industry's need for something new to

boost flagging revenues.

In the high street, photographers will be able to pay £4.99 for a special Photo CD disk, and £7.95 for having 24 exposures written digitally on to it. Further exposures can be added, up to a maximum of 100. The Kodak Photo CD players will cost £299, £399, and £499 in the UK, and can also play audio CDs.

Ravi Khanna, the UK product manager for Photo CD, believes the mid-priced model, which has extra functions such as zoom, crop and rotate, will prove the most popular.

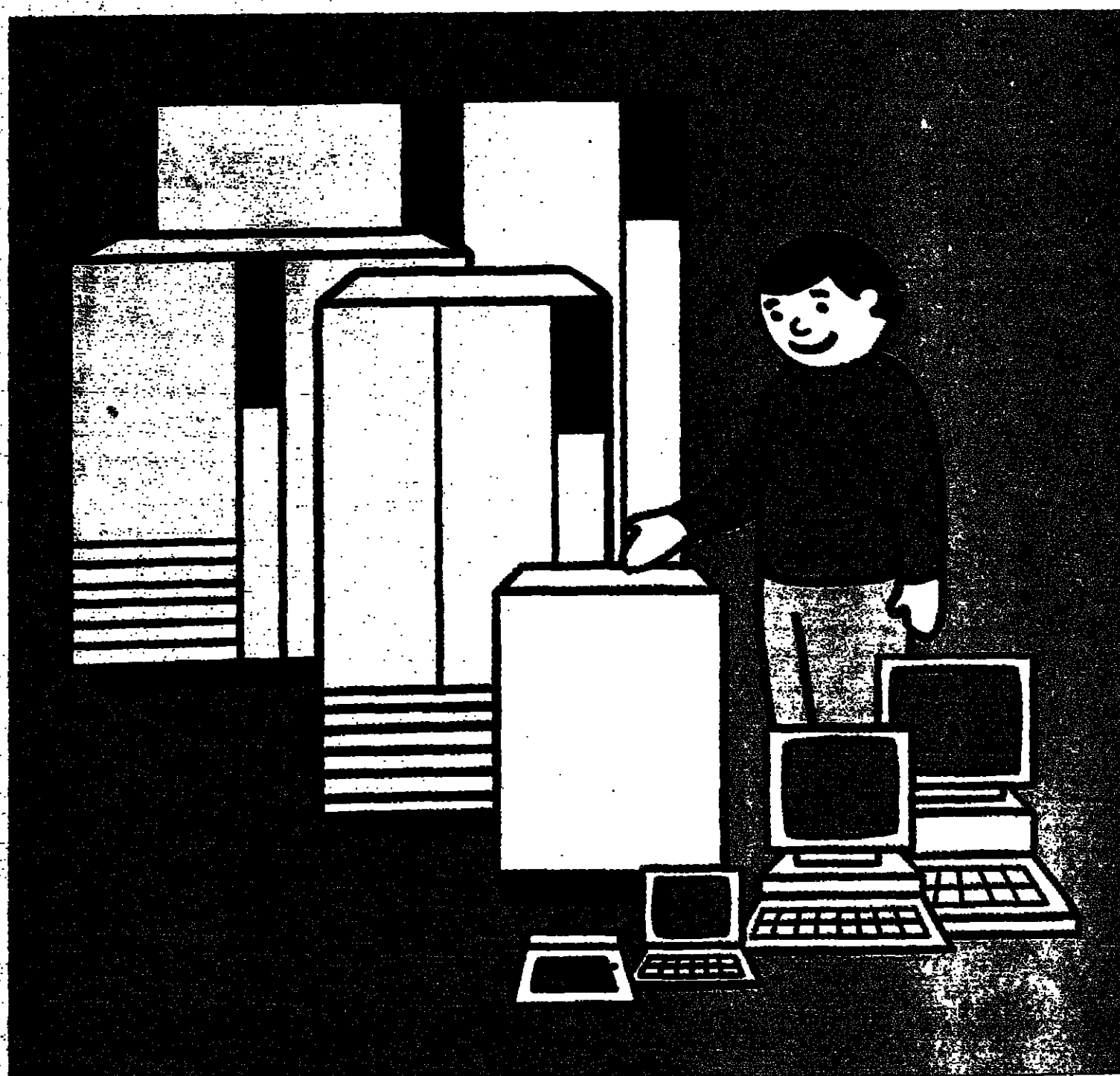
The Kodak system, along with other adventures into multimedia,

has inevitably raised questions about consumer reaction. The advantage of the Kodak system is the simplicity of the system and the fact that the camera itself - and the routine visits to high street kiosks to get the film developed - is unaffected.

Whether consumers will pay to watch still pictures via Photo CD players when they could watch moving pictures via camcorders remains to be seen. Jack is increasingly confident that they will, but Kodak has also been careful to "future-proof" its investment - the picture quality is four times the standard that will be required for HDTV.

Andrew Baxter

It's the world's first range - from notebook to supercomputer - that can run the same programs *without changing one bit of the code.*



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Model 3600 gives you four times the power (2000 MIPS) of the biggest mainframe - at a tenth of the price per MIPS! Open Systems, in its May 1991

issue, described NCR's new System 3000 as "one of the most courageous, far-sighted changes to product strategy any computer company has ever taken."

"Its long term impact on NCR's fortunes may take some time to appear, but the immediate message is clear.

A big company will soon be able to buy a computer, of whatever size they need, which will be compatible with the PC used by the junior clerk.

"Likewise, a small company can buy its first machine confident that, even if later it grows to any size with its computing needs to match, it need never again trash a single software package or datafile. Most of all, investment in training staff will be enduring. This is true open systems."

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## FT LAW REPORTS

## No Mareva for bank collection

LEWIS & PEAT (PRODUCE) LTD AND OTHERS v ALMATU PROPERTIES LTD AND OTHERS  
Court of Appeal (Lord Justice Parker, Lord Justice Stuart-Smith and Lord Justice Balcombe): May 7 1992

MONEY IN the hands of a bank, collected by it as agent for another bank in exchange for bills of lading deposited by an exporter under an agreement by which export proceeds are to be credited to his revolving overdraft account, cannot be frozen by Mareva injunction in execution of judgment against him, in that it is not his property but is a payment to the principal bank entitling it to credit it to his account towards reduction of the overdraft.

The Court of Appeal so held when dismissing an appeal by the plaintiffs, Lewis & Peat (Produce) Ltd and others, from Mr Justice Gagehouse's decision discharging injunctions restraining the respondents, Midland Bank plc, from dealing with collected monies pending execution of judgment in an action against Almatu Properties Ltd and others.

LORD JUSTICE PARKER said that on March 13 1991, Lewis & Peat obtained judgment against three defendants one of whom was a Mr Musa K Suma, for a total of \$1m.

They had been making urgent and energetic attempts to execute judgment by a combination of garnishee proceedings against various persons and Mareva injunctions.

Those attempts resulted in court orders which included a garnishee order nisi against Midland, and injunctions restraining Midland from dealing with the proceeds of sale of two cargoes of cocoa and coffee beans, after collection of those proceeds by Midland.

On June 20 1991, Mr Justice Gagehouse set aside the garnishee proceedings and discharged the injunctions against Midland.

He declared Midland was free to deal with the proceeds of sale in accordance with the instructions of its customer, the National Development Bank of Sierra Leone (NDB), and that NDB was free to give

such instructions as it might see fit, including instructions to transfer the monies out of the jurisdiction.

Lewis & Peat sought to set aside discharge of the injunctions, and the declaration.

It was common ground that for the purposes of the appeal Mr Suma and Techprofit and Sumatu, two companies in Sierra Leone owned and controlled by him, were regarded as being in effect Mr Suma.

On November 12 1990, NDB granted Sumatu an overdraft facility of 32m Leones (\$43,578) for 12 months.

The terms and conditions of the facility were that it should be on the revolving basis and that Sumatu would export all produce through NDB, and that the counterparty to the export proceeds in foreign exchange would be credited to Sumatu's account with NDB.

On February 1 1991, Lewis & Peat obtained an injunction against Mr Suma restraining him from exporting or dealing with coffee and cocoa. As a result, NDB wrote to Sumatu on March 15 calling for payment of the account.

On April 2, the two cargoes were shipped at Freetown, Sierra Leone. On April 5, Techprofit sent NDB a full set of shipping documents for each cargo with instructions to forward them to the buyer, Tagville Ltd, in exchange for \$77,360 for the cocoa cargo and \$104,360 for the coffee cargo, and on receipt of the export proceeds to credit Sumatu's account with NDB.

On the same day, NDB sent the documents to Midland "for collection of the proceeds from Tagville Ltd". The documents and covering letters were received by Midland on April 6.

But for the intervention of Lewis & Peat, those two routine documentary collections would have proceeded in the ordinary way. Midland would have collected the monies, credited them to NDB's current account and informed NDB.

NDB would then, in accordance with instructions, have credited them to Sumatu's account in reduction or extinction of the overdraft.

As a result of Lewis & Peat's intervention, operations had been held up. The collections had been made but had been credited to a separate interest-bearing account in NDB's

name and frozen there by the orders which were discharged by Mr Justice Gagehouse. They were still frozen pending the present appeal.

The issues on the appeal were: (1) whether the sale proceeds were to be regarded in Midland's hands as an asset held on trust for or a debt due to Techprofit, or were simply a debt due to NDB; (2) whether the courts should treat documentary collections like bills of exchange or letters of credit as obligations to which the Mareva jurisdiction had no application, for the reasons given by Lord Justice Kerr in *2 O A Z (1982) QB 558*; (3) whether the principle in (2) applied even to injunctions in aid of execution.

Mr Page for Lewis & Peat submitted that the answer to question (1) was that the proceeds should be regarded as belonging to, or as a debt due to, Techprofit/Sumatu/Suma, and that the answers to questions (2) and (3) should be "no".

The House of Lords decision in *Mackay v Ramsay (1984) 9 CI & F 324, 544* presented Mr Page with insuperable difficulty.

The facts appeared from Lord Campbell's speech.

He said Ramsay & Co, as bankers, were employed by a customer to obtain payment of a bill of exchange drawn on a person in Calcutta, payable to their order. They were to receive payment of it for Mackay, having a lien on the bill and its proceeds for any balance due to them from him.

Payment was to be made to persons to be employed by them, to whom the bill must be endorsed. Mackay was not to interfere with the proceeds of the bill until he was credited.

Ramsay & Co employed as its agent Coutts & Co, which employed Alexander & Co, which duly received payment from the acceptor and, having given Coutts credit in account, five months later became bankrupt.

Lord Campbell said: "I concur that these circumstances amount in point of law to a payment to Ramsay & Co, and that they were bound to place the amount to the credit of Mackay."

The document there to be collected was a bill of exchange whereas the present case was concerned with bills of lading

and other shipping documents, but that was not a relevant distinction.

The factual situation was the same, save that here two rather than three banks were involved.

The documents, having been lodged with NDB for collection, passed out of the control of Techprofit/Sumatu/Suma, and NDB had a lien on them to the extent at least of Sumatu's overdraft.

NDB then sent the documents to Midland for collection. As soon as collection was made, it was to be regarded as payment to NDB by Midland. NDB's customer, Sumatu, then became entitled to a credit in the amount of the collection.

That credit might or might not result in a debt due to Sumatu by NDB, depending on the state of Sumatu's account and any other arrangements between Sumatu and NDB, but those matters were of no concern to Midland whose obligations were to NDB and no-one else.

If in the result a debt did become due to Sumatu, that debt would be situated in Sierra Leone and not in the UK.

There was no basis on which it could be successfully contended that the proceeds of the collections were the property in the UK of Techprofit/Sumatu or Suma, or constituted a debt owed to any of them by Midland.

In the light of the above, issues (2) and (3) did not strictly arise, but the answer to both questions was "yes", save in very exceptional circumstances.

It was of the first importance that routine banking transactions such as these should not be subject to interference by the Mareva jurisdiction, unless an exceptionally strong case could be made out that for some reason or another the well-settled principles of banking law were inapplicable.

The appeal was dismissed.

Lord Justice Balcombe gave a concurring judgment. Lord Justice Stuart-Smith agreed.

For Lewis & Peat: Hugo Page (Clifford Chance).  
For Midland Bank: Richard Silberry QC and J Smooha (Stephenson Harwood).

Rachel Davies  
Barrister

## British Shoe shuffle

Sears, the lumbering retail giant which this month reported dismal annual results, is making another determined attempt to shake up its troublesome subsidiary, British Shoe Corporation, which accounts for about one in five pairs of shoes sold in the UK.

The company says the initial cost-cutting and stabilisation is complete and BSC is planning to introduce further commercial and operational improvements to place the division on a "sound footing for the future". In order to implement the second phase of rationalisation, Sears announced a string of senior management appointments at BSC.

John Osborn, the managing director who pushed through the initial restructuring phase, steps up to the post of deputy chairman. A successor as md has not yet been named but in the meantime Stephen Smith has been brought in as deputy managing director from the Freemans mail order business.

Jeff Nash, retail operations director at the successful Adams childrenswear chain, will assume the same role at BSC. And John Wheeler, head of Sears information systems, will be seconded to the BSC team to support the development of its computer functions.

many as four companies - including a number of continental European players - are said to be interested in British Shoe's business, which amounts to about 3 per cent of the UK non-life market.

Desmond Fitzgerald, chief executive of Mathews, Mulcahy & Sutherland, md of Marsh & McLennan Inc and a member of the executive committee of Bowring Marsh & McLennan Ltd, has been appointed to the board of MARSH & MCLENNAN EUROPE.

Paul Crayke is appointed a divisional director of SBJ REGIS LOW.

Shirley Caffish, senior vice-president of Winterthur, has been appointed chairman of PROVIDENT LIFE.

Richard Boggis-Rolfe has been appointed to the board of BNB RESOURCES.

## Guru takes on global role

David Fairbairn, one of the UK computer industry's small band of internationally known gurus, has been named a vice-president of Texas Instruments' information technology group, a role which gives him worldwide responsibility for some of the company's most innovative pieces of software.

Fairbairn was managing director of JMA Information Engineering which became part of Texas Instruments last year. JMA develops software which helps in the writing of computer programs, and was started by James Martin, perhaps the best known of the UK's computer gurus.



Fairbairn's background is unusually broad for a computer executive. It includes a

## Non-executive directors

■ Ian Wilson at INVESCO MIM.

■ Rodney Walker, chairman of Wakefield Trinity and deputy chairman of the Rugby Football League, at CONRAD CONTINENTAL.

■ Anthony Jennings, who retired from Rover Cars last year, at BLETCHLEY MOTOR GROUP.

■ Nicholas Chance at ALLIED RADIO, having stepped down from an executive role.

■ Jack Hayes, md finance and development of CRH, at The JONES GROUP.

■ Peter Harper, a director of Hanson and vice-president of the British Sports Trust, and formerly a director of John Laing, at LONDON CLUBS INTERNATIONAL.

■ Maurice Lambert at BUREFORD HOLDINGS.

■ David Sawyer at The COMMUNICATION GROUP Scotland.

■ Hugh Sykes has resigned from NSM.

■ Richard Kemp at LINGAT GROUP.

■ John Head at BELLHOTT.

■ Mark Skelley, president and chief executive officer of Robert Fleming, New York, at MARLING INDUSTRIES.

■ Dennis Howson, who retired from Trade Indemnity last year, at CREDIT AND GUARANTEE INSURANCE.

■ James Leek, chief executive of the Caparo Group, at McLEOD RUSSELL HOLDINGS.

■ Michael Gifford, md and chief executive of The Bank Organisation, at ENGLISH CHINA CLAYS.



Tom Hansberger, chief executive of international fund managers Templeton, Galbraith & Hansberger, has joined the board of Schroder Korea Fund. Templeton has a 11.5 per cent stake in Schroder Korea, one of a recent batch of closed end funds set up to exploit the liberalisation of the Korean stock market. Hansberger, 58, is chairman of the International Society of Investment Analysts; he sits on the board of the Bangkok and Asia Development Funds and is a member of the advisory board of the India Fund.

## Rebuilding Salomon

Salomon Brothers, the US investment house, has enticed Alastair Kerr onto its UK equity sales team, part of the rebuilding process in that department.

Kerr - "one of the most successful and experienced UK equity salesmen in London", according to Salomon - has to date only worked for UK houses, latterly Barclays de Zoete Wedd, and before that Morgan Grenfell Securities.

He began his career at Hoare Govett in 1973, and will find himself sitting close to an old Hoare chum at Salomon, Peter Stephens. While rivals say he could "get a rude awakening" - finding that business does not always flow as easily as at a mainstream UK broker - they are in no doubt he will be handsomely rewarded.

The fall-out after last summer's bond-rigging scandal hit the equity side, including the UK, particularly badly, with key salesmen leaving. Gary Wolens, head of European equity sales, says the rebuilding process will entail hiring a few more select "best". But Salomon still has to convince its rivals. Said one salesman at another house: "It's like hearing the first cuckoo in spring even though it's pouring."

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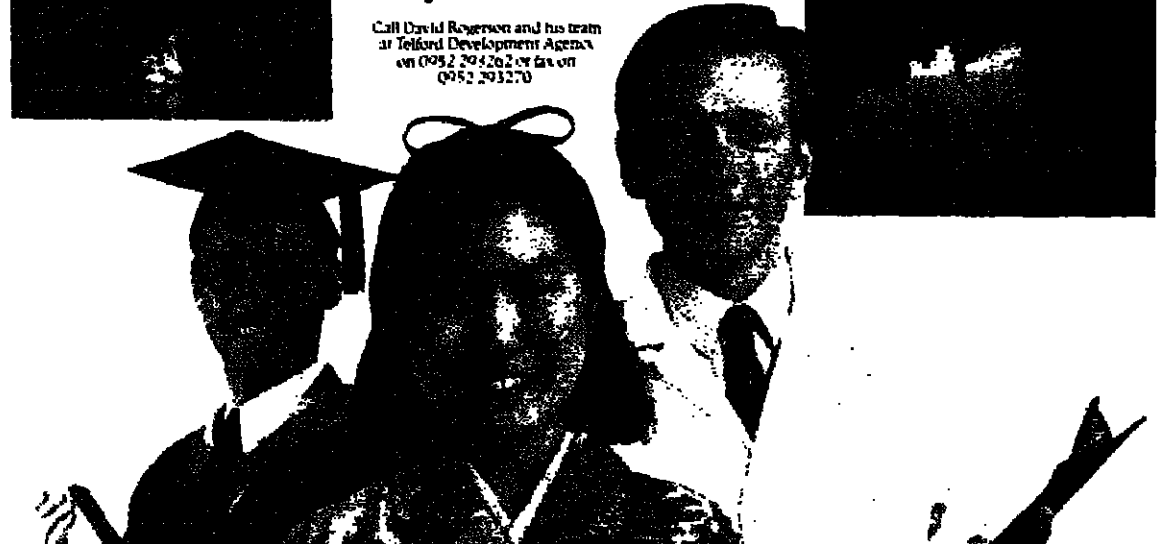
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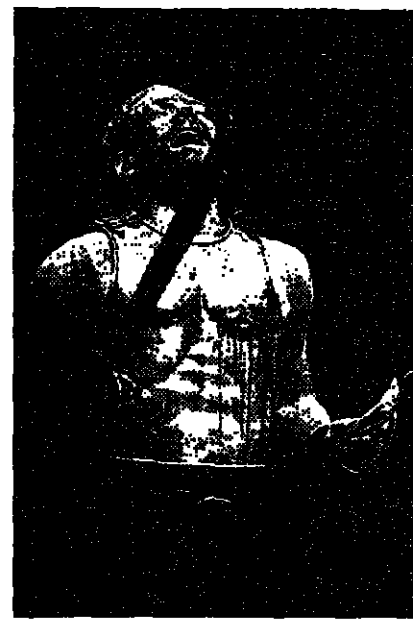
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Theatre/Malcolm Rutherford

## 'Coriolanus' at Chichester



Kenneth Branagh as Coriolanus

The Chichester Festival has begun its 30th anniversary season with a thoroughly enjoyable Renaissance Theatre production of *Coriolanus* in which some of the minor parts outshine the stars.

Quite the most memorable aspect is the crowd scenes where the theatre has had the bright idea of drawing on the local population. The result is a goodly crew of about 70 extras, playing alternately the people of Rome and the supporters of Tullus Aufidius. They do not look like a Roman mob or even remotely urban. They tend to be armed with pitchforks and hoes and are perhaps more convincing when playing the Volscians who come from the more rural community.

Nevertheless, to have a cast of 70 enthusiastic volunteers at your disposal is a considerable asset. They have been marshalled well in Tim Supple's production. The effect, which is crucial to *Coriolanus*, is to show that the power of the people matters, if only because there are so many of them. The populace may make the wrong decisions and be demonstrably fickle in its judgments, but without the people there would be no power struggle and no play.

The other outstanding achievement is the role of the two tribunes, played by Jimmy Yuill and Gerard Horan. They are the men who manipulate the people of Rome. Supple's production scores again in underlining their pivotal position. They may be working-class politicians with an eye for the main chance, but they are not

quite balance of political forces is beautifully caught.

Coriolanus observes when he enters the land of the Volscians "A goodly city is this Antium", and so it turns out to be. Certainly it is far more relaxed, and possibly more civilised, than Rome. The problem is that it is overshadowed by Roman power, just as Tullus Aufidius is overshadowed as a warrior by Coriolanus. Yet here again is an example of the smaller parts rising to the occasion. Iain Glen's Tullus has just the right touch of an inferiority complex and even the faint sound of a West country accent.

Coriolanus is played by Kenneth Branagh. He does nothing wrong, except perhaps that he should look more attractive. The tight-fitting leather trousers are a mistake. On the whole, one admires the way he lets the production and the play speak for themselves without trying to steal the show. Equally, Richard Briers does everything he should as Menenius without being obnoxious.

There is a caveat about Judi Dench as Volturnia. She is in danger of becoming a bit of a gorgon. In this production she is a frightful badgerer. Indeed one is inclined to think that the last person Coriolanus would want to give way to is a mother like this. Supple should tell her to calm down: a bit more Roman dignity and less of the militant female.

Chichester Festival Theatre. In repertory. 0234 781312

## The Seagull

Frequently there are two schools of British Chekhov criticism. The former and larger school says that there is too much Chekhov about Britain, that the British seldom get Chekhov "right", and that the Russians are right to say Chekhov is much funnier than the British know.

The other school says that the existence of a long British tradition of Chekhov proves a real local sympathy for this author, that this tradition has been responsible for numerous classic stagings of Chekhov's few plays over the years, that the British may actually be no further from Chekhov than the post-1917 Russians, and that Chekhov is to be seen and stimulus to British actors. I belong, you have rightly discerned, to the latter school.

Theatre Clwyd's production of *The Seagull* is the farewell staging there by the theatre's artistic director Toby Robertson (who departs after seven years' service). It has the interest of having Arkadina and her son Konstantin played by Dorothy Tutin and her son Nick Waring; and Trigorin is Ian Hogg. The drama is alive, with a nice sense of Chekhov's serio-comic fluctuations. Jeremy Brooks's English version, based on a translation by Susanna Hammett, is lively. Arkadina admits "Well, of course, I do have some money. But I'm an artist. I make-up alone practically

ruins me."

Tutin, with her strange chestnuts-and-cream voice and delicate near-French enunciation, hints lightly at the streaks in Arkadina that in other hands have become egomania and rampant affectation. She is light even in absurd extremes - even when she pushes Trigorin onto the floor and makes long, verbal love to him: "You have freshness! simplicity! healthy humour!" Earlier, she tells him, metaphorically, "You must sober up!" and then takes a swig of alcohol herself. Hogg, however, makes Trigorin too blatantly a charlatan. It becomes impossible to see what Nina idealises in him.

Waring, however, makes a good impression from the first as Konstantin and gets better as the play proceeds, though I would like to see him play the role again in five years' time when he has more vocal presence. He epitomises the major virtues of the production - and the slight weaknesses that would drive the Brits-out Chekhovians crazy. On the one hand, he has pacing, variety, feeling, sincerity; the way he keeps shifting the mood in every speech and dialogue is admirable. On the other, we don't sense Konstantin's underlying temperament forcefully enough.

As Sorin, Ronald Fraser looks like Verdi

in extreme old age, draws his vowels and mashes his consonants; "tragedy" is pronounced "chraishdeh". Both he and Lucinda Curtis as Polina are too predictable, too fond of turning their roles into stock types. Nina and Masha are much more interestingly conceived by Catherine Cusack and Lucy Scott as contrasting examples of young womanhood, but neither interpretation has quite settled into focus yet. The most perfectly judged interpretation of all is Bernard Lloyd as doctor Dorn, elegant and ironic. He finds time, as no one else onstage does, just to talk in atmosphere; and we feel life itself passing by.

The staging works beautifully on its own delicate terms. Other stagings have more drive, more neurosis and, above all, more sense of the accidental details of life passing in the background. If there is a single fault I would find, however, it is that too many speeches are made bang in the centre of the stage. The fascination of Chekhov lies in asymmetry.

Alastair Macaulay

Theatre Clwyd, Mold until May 30. 0352 755114

## Loot

On Press night, even after several previews, Peter James's production of Joe Orton's black comedy still looked like a beta-plus version of a straight-alpha play. That isn't such very faint praise, if you have never seen *The Importance of Being Earnest*, a goodish provincial staging might still be a revelatory delight, and so may this *Loot* be.

Here, a scattering of small fluffs by the cast throughout the evening suggested under-rehearsal, but also an early prospect of tightening-up. The general Ortonesque tone was generally audible, which is to say that the James cast knew well enough that Orton's diction is the heart of the matter. Very few British plays this century have pulled themselves so completely into the world, mocking and subversive in a self-contained, consistently original vein. The casting is judicious, and the pacing deftly handled - some momentary lapses, but a strong forward impulse with a fine *accelerando* towards the end.

On the other hand, the producer has devised cute freeze-frames to begin and

end the acts, and saddled his murderous Nurse Fay (Dearbhla Molloy) with a mechanical bottom-wiggle from the start: winsome vaudeville, nothing to do with Orton. Ben Weller has been allowed and perhaps encouraged to play his personable Hal "sincerely" down to a carefully demotic accent that takes the edge off his best vicious lines. The prelude music - "I Did It My Way" on crematorium-organ - is nice, but the bundled cadaver of Hal's Mum is ridiculously large and lightweight.

Miss Molloy allows herself too much Irish crooning, melodious lubrication of lines that want scaring off down-to-earth candour. Colin Hurley captures Hal's pal Dennis, the criminal undertaker's assistant, with cooler precision, though he is a bit over-age; it matters to the play that the appalling Hal and Dennis are just street-wise adolescents. Nobody but Patrick O'Connell's widowed McLeavy, baffled and beset, should speak with unguarded feeling; O'Connell does that very well, but the improper competition - from Hal and from Nurse Fay, and even from the egre-

gious Truscott of the Yard - denies him his proper effect. When his last unjust deserts should jolt us beyond the provisional limits of the farce, they melt painlessly into the general charade. Inspector Truscott is the key role, and David Troughton plays him with resourceful relish: not a line wasted nor an implication missed, the transition from simple Agatha Christie bumbler to corrupt modern archetype smoothly managed. Yet Troughton's basic comic persona gets in the way. He is always vainly ingratiating, a hopeful wheedler, where the original West End Truscott (Michael Bates, much missed) went through virtuous switches from flat Christie stereotype to sudden sadist - here, Troughton's duffing-up of Hal carries nothing like the shock-value - to venal bribe. That made *Loot* much nastier, and significantly funnier.

David Murray

Lyric, Hammersmith, to June 6



The most popular painting in Bordeaux: 'Rolla' by Henri Gervex, 1878

Fine art/Patricia Morison

## A deliciously scandalous painter

IF EVER a painter had the luck of the gods, it was Henri Gervex. Son of a Montmartre piano-maker, Gervex with the effortless ease of Montmartre's balloon. At his death in 1929 Gervex was wealthy and fabulously well-connected. His daughter had married into the aristocracy, and his paintings graced some of the grandest dining-rooms in Europe.

Now, in a modest way, the Gervex balloon is once more on the way up, thanks to an exhibition which has just opened in Bordeaux. (Next year, it travels on to Paris and Nice.) There has never been a retrospective of the great *arriviste*, so tracking his canvases to the homes of private collectors has meant a good deal of sleuthing for the show's organisers. Not, however, that Gervex is a totally unknown painter - above all, not in Bordeaux.

For half a century, "Rolla", the large, frothy scene of the morning-after in a cheap hotel, has been the most popular painting in the museum's collection - and star of the postcard sales, far surpassing Titian, Veronese and even Delacroix's "Greece on the Ruins of Missolonghi". There was a nasty moment when it seemed that the newly created Musée d'Orsay might reclaim the State's deposit, as it had every right to do. But Paris, mindful for once of local sensitivities, stayed its hand.

Gervex was 26 in 1878 when he exhibited "Rolla", unquestionably his masterpiece, in the Salon. Already, he was well and truly launched after winning a medal for the horribly squirming, but academically impeccable, "Satyr playing with a Bacchantes", which showed him to be every inch the faithful pupil of the great Cabanel. But with "Rolla", Gervex showed himself to be now a true believer in Manet's gospel that artists must paint modern life. His nude, however, is no "Olympia", the painting which over a decade before had caused such a scandal. There was no risk of Gervex ever retreating on the academic doctrine of ideal beauty of form in the matter of nudes. Throughout his life, as we see in the upstairs rooms of the exhibition, paintings of meltingly boneless nudes - usually redheads - were one of his stand-bys. In old age, Gervex the dinosaur even revealed to Cabaneseque goddesses lolloping on the tops of waves.

It was with "Rolla", however, that Gervex showed his uncanny gift for public relations. It was hailed as immoral, for reasons well explained by Hollis Clayson in her interesting study of prostitution in French 19th-century painting, "Painted Vice" (Yale University Press). A prostitute in her corset, like Manet's "Nana", was tolerable; discarded corsets and petticoats, with Monsieur Rolla's walking stick pointing at a provocative angle, were quite another.

Undaunted, Gervex put it on exhibition in the *Chausée d'Antin*; *le tout Paris* was invited to see, and for weeks the street

*'With a vengeance, the arriviste master, Henri Gervex, is coming in from the cold'*

was filled with carriages. Gervex was now a deliciously scandalous painter, in addition to being a perfectly delightful human being. In the 1880s and '90s, Gervex was irrepresible. The older generation of Impressionists loved him for his raffishness. Early success meant he could afford a famous mistress, Madame Valtresse de la Rigne, whom we see in a large and glibly sub-Manet open-air portrait. He thoughtfully introduced her to Zola, researching the background for his immortal prostitute, Nana. Another little scandal, when he exhibited a painting of a nude wearing a velvet mask, helped his reputation. Everyone wanted to know whose wife she was, and a count suing his sister for her inheritance said she had been the sitter.

Gervex's industry was prodigious and he would never turn down a prestigious commission, no matter how boring the subject. A brilliant stroke in 1889 was to join up with the Belgian artist, Alfred Stevens, and paint a gigantic "Panorama of the History of the Century", shown here in a modest copy from Brussels. Gervex had now shown himself as the republican patriot, honouring the Revolution. People

flocked to see it, and when a buyer did not come forward, small pieces were given to each of the financial backers.

Clearly, here was the right artist to execute vast murals for public commissions, such as still survive in the Hall of Weddings at the *maison de la XIXe arrondissement* and the ceiling of the buffet of the Gare de Lyons. Onwards and ever upwards, Gervex painted millionaire's salons and ceilings for the Elysées Palace. In the Belle Epoque years, his undoubted talent for painting electric light made him favoured choice for showing high society dining in the Bois de Boulogne.

Portraits were bread and butter to Gervex, although he showed no very great talent for them. Singer Sargent's bravura effects always eluded him. But even as his commissions took him into the highest ranks of society - even the Russian Royal Family, he still paid homage to early days. He was still, a "painter of modern life", follower - at however far a distance, of Degas and Manet. Hence, we still find him painting scenes such as the wistful cocotte, umbrella on the table, who anxiously awaits her companion for the night in a smart restaurant in the Bois de Boulogne.

This is a hugely enjoyable exhibition, even though of a painter who rarely rose above third-rate. Only now and then is he better than that, for example, in oil sketches of his wife nursing their daughter or asleep on the deck of the splendid yacht of the American tycoon, James Gordon Bennett. The book accompanying the show will delight all who love the Belle Epoque, and is rich above all in the contributions made by Gervex's great-grandson.

And to keep your eyes skinned; propped in a cellar, or hanging in some drawingroom, you just might happen to see a nude in a black velvet mask or a Nana look-alike dressing in a theatre loge... There are many Gervexes yet to be unearthed, with a vengeance, the *arriviste* master is coming in from the cold.

Galerie de Beaux-Arts, Bordeaux, May 11 to August 30; Musée Carnavalet, Paris (February 1 - May 2); Musée de Beaux-Arts, Nice (May 27 - August 29, 1993).

John Guare's long-running Broadway success *Six Degrees of Separation* comes to the Royal Court next month in a production directed by Phyllida Lloyd. At the Lyric Hammersmith, Sheila Hancock stars in *A Judgement in Stone*, a new musical thriller based on the novel by Ruth Rendell. Written and directed by Neil Bartlett, this is the first ever staging of one of Ruth Rendell's mysteries (June 10). Christopher Cazenove will head the cast in *The Sound of Music* when it returns for a season at Sadler's Wells at the end of June.

Meanwhile, Chichester Festival Theatre (0243-761312) has one of its most challenging programmes of recent years. The opening production of *Coriolanus* (reviewed above) will be followed by a revival of Christopher Fry's verse play *Venus Observed*, not seen in a major theatre for more than 40 years. The festival's other gamble is a new play by broadcaster and novelist Melvyn Bragg.

## EXHIBITIONS GUIDE

**BALTIMORE**  
Museum of Art French Posters: 40 turn of century advertising posters by Toulouse-Lautrec and others. Ends Aug 9. Closed Mon and Tues.  
**BARCELONA**  
Fundacio Joan Miró Holzwege: a series of black and white photographs by the Belgian artist André Jasinski, giving a

subjective view of the forest. Ends June 14. Also Art from Catalan, Spanish and other European collections, showing how maternity, purity and marriage have been depicted in art from medieval times to the 20th century. Ends June 7.  
**CLOSED MON**  
**CHICAGO**  
Art Institute Jacob Lawrence: 63 works from a remarkable series of historical illustrations by the African American artist. Ends Aug 2. Also Patrick Tosant: enormous colour prints by the French artist. Ends July 19. Daily.  
**EDINBURGH**  
National Gallery of Scotland Leonardo: the mystery of the Madonna of the Yarnwinder. Leonardo is known to have painted this subject in 1501, but several versions exist. Now for the first time they are brought together in an attempt to identify the original. The exhibition includes paintings, drawings and X-ray evidence. Ends July 12. Daily.  
**FLORENCE**  
Uffizi Florentine drawing at the time of Lorenzo the Magnificent: 180 drawings by Renaissance artists, including Filippo Lippi, Leonardo, Michelangelo and Botticelli. Ends July 26.  
**SPEDALE degli Innocenti**  
Architecture in Florence and Tuscany in the time of Lorenzo the Magnificent. Ends July 3.

**LONDON**  
Polish Cultural Institute Zygmunt Vogel's vision of Warsaw: 36 late-18th century watercolour views of Warsaw by the Polish court artist who was a near-contemporary of Bellotto. Ends June 26.  
**Tate Gallery William Blake** (1757-1827): Apprentice Years. The first in a series of annual displays devoted to the artist's work, this exhibition focuses on the influence of his time with the commercial engraver James Basire, and includes his early Westminster Abbey drawings. Ends Aug 16. Also David Hockney: Seven Paintings. Ends July 26. Brice Marden (b New York 1938): leading contemporary painter-engraver. Ends June 21. Daily.  
**Courtauld Institute Hogarth and Piranesi**: engravings and etchings by two great 18th century printmakers. Ends June 7. Daily.  
**National Portrait Gallery GBS** In Close Up: portraits and photographs of George Bernard Shaw. Ends July 5. Daily.  
**Accademia Italiana**  
Rediscovering Pompeii. Advance booking on 071-379 4444. Ends June 21. Daily.  
**Victoria and Albert Museum Sovereigns**: items belonging to the Royal Family which have never been seen in public. Ends Sep 13. Also 20th century costume jewellery by Chanel, Dior and others. Ends July 5. Daily.  
**Royal Academy of Arts**  
Alexander Calder (1898-1976): popular US artist. Ends June 7. Daily.  
**MANCHESTER**  
City Art Gallery Derek Jarman: a new series of polemical

paintings created by the avant-garde film-maker in response to being diagnosed HIV positive. Ends June 28. Also Turner and the Poetic Landscape: all 36 Turner watercolours in the gallery's collection, plus two major oil paintings and a group of works on loan. Ends June 7. Daily.  
**MUNICH**  
Stadtmuseum Otto Scheinhammer (1897-1982): oils and watercolours by the Munich painter, including a series based on his visit to Egypt in the mid-1930s. Ends June 8. Also Cheri Samba (b 1956): drawings and cartoons giving a colourful picture of life in Zaire. Ends June 28. Closed Mon.  
**NEW YORK**  
Metropolitan Museum of Art Andrea Mantegna. Ends July 12. Also William Harnett, late 19th century American master of still-life painting. Ends June 14. Also Royal Art of Benin. Ends Sep 13. Closed Mon.  
**Museum of Modern Art Antoni** Tapes (1923): prints and illustrated books by the Catalan artist. Ends Aug 9. Closed Wed.  
**Prisons**: first edition prints from the museum's permanent collection. Ends July 26. Closed Mon and Tues.  
**PARIS**  
Galerie Schmitt French Masters of the 19th and 20th centuries: 40 works representing all the major schools, including rare paintings by Cézanne, Corot, Courbet, Delacroix, Monet, Renoir, Derrain and others. Ends

July 16. Closed Sun (396 rue Saint Honoré).  
**Centre National de la Photographie Annie Leibovitz**: photographs 1970-80. More than 100 dynamic portraits that have helped shape and define the look of American popular culture. Ends July 27 (Palais de Tokyo, 13 ave President Wilson).  
**Grand Palais The Vikings**. Ends July 12. Toulouse-Lautrec. Ends June 13. Closed Tues, late opening Wed. Advance booking on 4804 3886 (ave du General Eisenhower).  
**Musée d'Art Moderne Sima** (1891-1971), Czech painter. Ends June 21. Closed Mon, late closing on Wed (11 ave President Wilson).  
**Musée D'Orsay Guimard**, art nouveau designer. Ends July 26. Closed Mon.  
**Louvre Clodion** (1738-1814), French sculptor. Ends June 29. Closed Tues (Hall Napoleon).  
**ROME**  
American Academy Piranesi: architectural drawings 1764-67, on loan from American museums and private collections. Ends July 5. Daily.  
**VIENNA**  
Albertina The Eloquence of the Body: a thematic guide to the body in art, from the ideal to the grotesque, with works by Leonardo, Michelangelo, Dürer, Rubens, Rembrandt, Goya, Klee and others. Ends July 7. Daily.  
**Schloss Hof Marchfeld** The Baroque View of America in Hapsburg Lands: an exhibition showing how Europe's discovery of America 500 years ago

stimulated the creative fantasy of court artists and craftsmen. Ends Sep 13. Daily.  
**WASHINGTON**  
Corcoran Gallery of Art Interface: Berlin Art in the Nineties. Painting, sculpture and photographs by nine younger-generation German artists. Ends July 5. Also Guillermo Kuitca: ten recent paintings by the Argentine artist. Ends June 18. Closed Mon.  
**National Museum of American Art Elizabeth Layton**: Drawing on Life. 62 works of whimsical satire by this octogenarian describing ageing, depression, dieting, marriage, grandmothering, the nuclear threat and death. Ends June 28. Also Chicano Art 1965-85, including paintings, posters, photographs and videos, exploring the history and concerns of the Chicano community. Daily.  
**National Museum of Women in the Arts Calligraphic Artists' Books**: 40 works by American women calligraphers. Ends Sep 7. Also an exhibition of early 20th century photography. Ends Sep 7. Daily.  
**National Gallery of Art Käthe Kollwitz** (1867-1945): German artist celebrated for the powerful social content of her imagery (also companion exhibition at National Museum of Women in the Arts). Ends Aug 16. Ernst Ludwig Kirchner, German expressionist painter. Ends Aug 16. Jacques Callot, early 17th century French printmaker. Ends Sep 7. Daily.

**INTERNATIONAL ARTS PREVIEW & EXHIBITIONS**

London's theatres have a strong line-up of new shows for the summer. Trevor Nunn's RSC production of *The Blue Angel*, the Heinrich Mann tale made famous by Marlene Dietrich and adapted for the stage by Paul Gains, comes to the Globe next week.

At the Barbican, the RSC's next Shakespeare production is *Romeo and Juliet*, starring Michael Maloney. The New Shakespeare Company begins its open-air season in Regents Park in two weeks' time with *A Midsummer Night's Dream*, followed in mid-June by *As You Like It*, directed by Maria Aitken. The National Theatre has a new production of *A Midsummer Night's Dream* at the beginning of July, directed by Robert Lapage. Jeffery Kissoon will play Oberon, with Sally Dexter as Titania. The National will also stage Jot Cartwright's new play *The Rise and Fall of Little Voice* (June 16).



## FINANCIAL TIMES

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## Doubts about the Eurofighter

MILITARY technology knows of all kinds of sights, the most awkward of these is hindsight. If one could go back now and plan from scratch for a fighter to meet European air force requirements, the result would doubtless be different from the current European Fighter Aircraft (EFA) programme.

It might be a less ambitious aircraft, or a different partnership. Britain and France have every cause to rue the mutual hubris that made them take separate paths in 1985, leaving France to produce its own, smaller, high-performance fighter and Britain to continue EFA with Germany, Italy and (after some hesitation) Spain. This regret is all the more acute for Britain as Bonn is vacillating over the project.

Mr Volker Rabe, Germany's new defence minister, says he is sceptical whether a "super-bird" is needed in view of the "changed political circumstances". EFA was designed as a next-generation, highly agile fighter to fill a very specific gap - an aircraft to match the latest MiG and Sukhoi fighters which would escort any Soviet bomber attack. That threat has receded to the point of implausibility, and Russian aircraft no longer breathe down Nato's collar at forward bases in central Europe.

Even when full development of EFA was launched four years ago, German politicians were questioning whether it was worth the cost. Since then EFA has evolved into a symbol for many Germans of wasteful Cold War spending. Recently, the climate appears to have become even more hostile to the project, and working out a report to the governing coalition parties is due on June 1. It may not come out flatly against EFA, but is not expected to bring joy to EFA supporters, either.

## Final stages

But EFA is by now almost ready to fly. With £8bn already spent on the prototype phase, it is unlikely at this stage that any aircraft of comparable performance would prove cheaper to develop and produce than EFA. None of the partners envisages the option of buying no fighters at all. The question is whether they need the performance.

EFA's backers argue that the

"threat", in terms of the quality of potential adversaries, has not dwindled; the MiGs and Sukhois are still being produced, enhanced and widely marketed. They also claim EFA to be a thoroughly versatile aircraft. It had to be, since the partners had to reconcile different requirements, including the UK's that it should be able to double up as a ground-attack aircraft.

## Intriguing options

Among the alternatives Bonn is considering - ranging from the French and Swedish contributions to the new agile generation, to a jazzed-up version of the 20-year-old Tornado - the safest would be current, well-proven US jets such as multi-purpose F/A-18 Hornets. But by the same token, these are not new aircraft, and have limited scope for further evolution.

The most intriguing option is the MiG-29, undercutting all the competition on price. But Russia's reliability as a source of spares is so questionable as to make the idea still look eccentric.

If Bonn does pull out, EFA could reach the borderline of viability. Reductions in Italian, Spanish and possibly UK requirements could bring the production run, not counting potential exports, to little more than half the original objective of 800. That, the manufacturing consortium reckons, would only just be enough to bring the basic production price per aircraft down to the target £20m-£25m.

German withdrawal would at the very least deal a damaging blow, both to the aerospace industry which Bonn has been trying to protect, and to international collaboration. If it brought the project down with it, the repercussions on British Aerospace, GEC-Marconi and other UK defence contractors would be very grave. It would also raise doubts about the capacity of European industry ever to mount such a venture again.

But to avoid that requires a blitz on costs. The expensive arrangement, derived from the Tornado programme, whereby work is meticulously allocated among the partners and each carries out its own final assembly and flight tests needs urgent rethinking. Having got this far, EFA is probably worth pursuing, but not at any price.

## Making sense of the auditor

FOR ALL its merits, the traditional British audit report, with its central assertion about the truth and fairness of company accounts, did not stand up well to the test of the financial scandals and corporate collapses of the 1980s. The mandarin phraseology of the report has always meant more to auditors than to those whom the auditors are supposed to serve. And since the true and fair formula appeared to hold out the promise of certainty in an area where subjective judgment is critically important, it gave a dangerously misleading impression to people whose grasp of accounting was limited - a category which, if academic surveys are to be believed, includes a majority of British fund managers.

So much the better, then, that Britain's new Auditing Practices Board is setting out to make the auditor's report more informative. To one of its first three exposure drafts for public comment, published this week, the board is seeking to clarify the role of the auditor and to explain how the audit process has dealt with uncertainties that remain unresolved when financial statements are approved. The clarification of the auditor's role will no doubt provide satisfaction to the board's own immediate constituency since it will emphasise the narrowness of the auditor's remit. It has always been the directors' job to prepare the accounts, while the auditor's duty is merely to express an opinion. We will now be reminded of this division of labour *ad infinitum* in the annual report.

## Judgmental areas

The more substantive reform concerns the judgmental areas in company accounts. Under existing auditing standards, the audit report has far too little to say about the nature of the uncertainty affecting the accounts. The threat of a qualified report has admittedly given auditors a stick with which to prompt management into making fuller disclosure in the notes to the accounts. Yet where the auditor's report is unqualified, the reader of the financial statements may not be aware of the significance of a given note within the context of a difficult audit process. On other occasions, the auditor will express

a qualified opinion without giving adequate information to explain the implications for the business. The Auditing Practices Board now proposes that the auditor should qualify an opinion only where there is genuine disagreement over the accounting treatment of uncertainty and the adequacy of its disclosure; or, again, where uncertainty is caused by management placing a bet on the scope of the auditor's work. The auditor will be required to draw readers' attention to those uncertainties that are so fundamental that a judgment one way or the other could have a serious impact on the picture that the accounts reveal. And the basis of the auditor's opinion will be supported by a brief description of audit procedures.

## Weak link

This is potentially helpful. But it is important to remember that audit failures in the 1980s were not solely to do with the uninformative nature of the auditor's report. There is a weak link in the chain of accountability, in that the auditor's fees, though formally sanctioned by the shareholders, are for all practical purposes in the gift of the management on whose stewardship the auditor is supposed to pass an independent opinion. The quality of audit judgments has also declined as the big accounting firms have come to regard the audit function - privately, if not in public - as a loss leader for lucrative consultancy services. To make matters worse, the judgment in the recent Caparo case limited the auditor's liability for negligence to present shareholders, leaving third parties wholly unprotected.

A tighter framework of accountability is needed. And it may not be enough simply to call for disclosure of consultancy fees from audit clients, as the Cadbury committee is shortly expected to do. The auditor must be seen to be free from such conflicts of interest. Whether that can be achieved without restructuring the accountancy profession is a moot point. But such an upheaval may, in the end, be unavoidable. In the meantime, a statutory clarification and extension of the auditor's responsibility to all stakeholders in the business is badly needed.

Slow growth and rising unemployment are fueling social discontent across the developed world: anti-immigration French nationalism, a threatened general strike in Spain, rising crime in Britain, riots in America are all worrying examples.

At next week's ministerial meeting of the Organisation of Economic Co-operation and Development in Paris unemployment is at the top of the agenda. Yet the representatives of the world's richest and most successful market economies will have little alternative but to wring their hands and shake their heads. Everyone knows unemployment is a problem; but nobody fully understands why it has remained so high for so long, or how to reduce it.

The ostensible cause of the rich countries' renewed concern is the combination of forthcoming elections and rising unemployment: not one with which politicians can feel happy. But a deeper sense of unease is revealed in the internal OECD papers prepared for next week's meetings. These describe how the developed countries have become increasingly troubled by the links between joblessness and social deprivation: drug use and abuse, racial tensions and a rising tide of crime and violence. The OECD fears that the economic slowdown, and ensuing increase in unemployment, will make these problems both more perceptible and acute, with dangerous consequences for social cohesion and political stability.

At least the OECD is sure that it understands the facts: unemployment has risen in almost every important member country in the 1980s; the rise was concentrated among men, not women; it has remained persistently and exceptionally high in Europe.

The experience of two countries that did not follow the trend - the US and Sweden - are the basis for the OECD's rather tentative recommendations. America's flexible and deregulated labour markets have allowed it to absorb a large inflow of immigrant labour, without any apparent rise in unemployment, while Sweden's extensive and expensive labour market programmes underpin the OECD's support for "active" policy measures to retrain the unemployed and help them back to work.

But is the OECD's reading of the facts correct? The concentration of long-term unemployment in Europe is only part of the wider picture. By focusing on "unemployment" - people who are available and actively looking for work - the OECD excludes a group that should be of great importance to policymakers: people who have no jobs and have given up the search for employment.

Male labour force participation has dropped sharply over the past decade as many have shifted from being "unemployed" to "economically inactive". The common characteristic of these two groups is that they do not have jobs; all can be classified under the general heading of "non-employed".

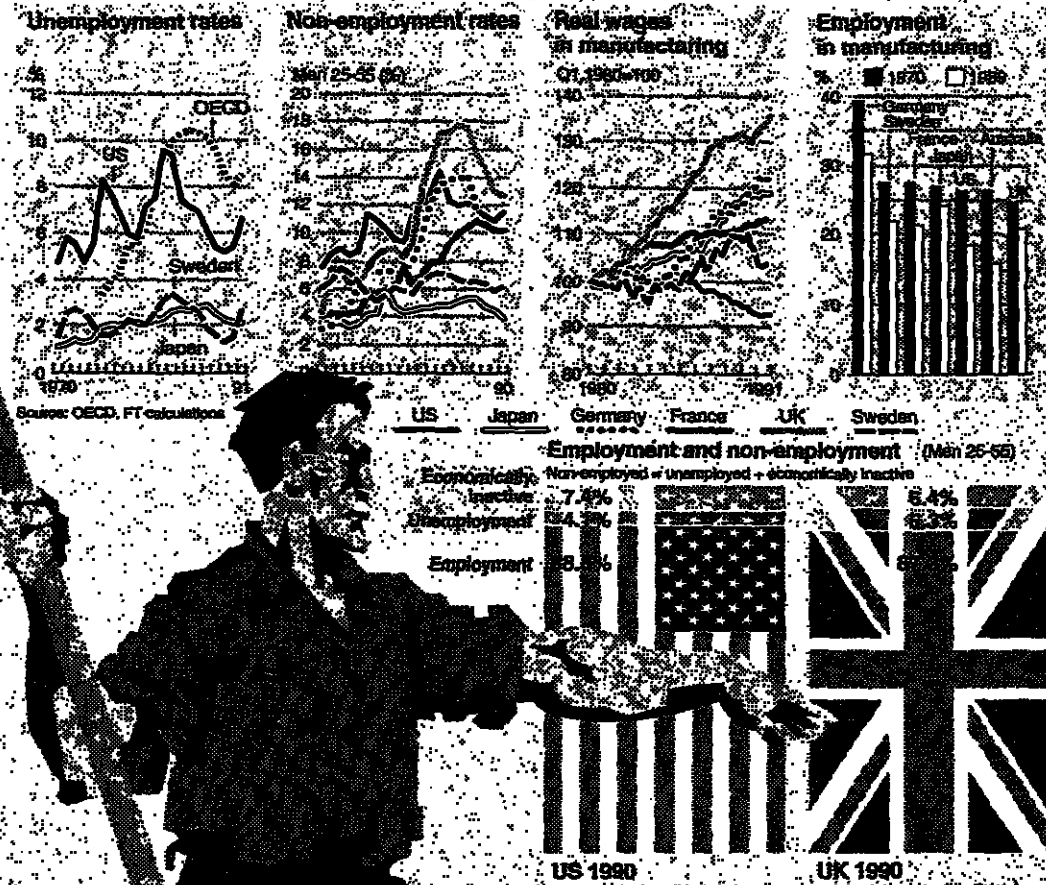
The international pattern of non-employment looks different from that for registered unemployment. The US may be a low "unemployment" country, but it is a low employment country too as the chart shows. The US has, in fact, been the standard on which the rest of Europe has converged. The non-employment rate of men aged 25-55 has doubled in the US since 1970, but tripled in the UK, France and Germany.

This suggests the OECD should be asking two fundamental ques-

## No more jobs for the boys

'Non-employment' is the burning issue, not 'unemployment', argues Edward Balls

## Rising wages and fewer jobs in the OECD



tions: Why do so few men work now, compared with 20 years ago? And what do they do instead?

● **Slow growth:** Unemployment rises in recessions when growth is depressed. The OECD's latest forecasts are for subdued growth of 1.8 per cent among OECD countries this year. The European unemployment rate is expected to jump from 8.7 per cent in 1991 to 9.4 per cent in 1992, and continue rising into next year. Yet slow growth cannot explain why non-employment remained so high throughout the period of strong economic growth in the latter half of the 1980s.

● **Unions and real wages:** Alternatively, maybe trade union "insiders" pushed up their real wages when growth picked up, preventing the unemployed "outsiders" from being re-employed. If so, advises Professor Dennis Snower of Birkbeck College, London University, governments should reduce trade union power and make it easier to fire insiders by reducing severance pay or simplifying firing procedures.

This is music to the OECD's ears; but does it fit the facts? The pace of real wage growth across Europe in the 1980s was rapid in light of the overhang of unemployment, especially in the UK. But why did this rise in non-employment in the UK occur when trade union member-

ship was falling and labour market regulations were being relaxed?

● **Co-ordinated wage bargaining:** The pattern of wage bargaining is yet another explanation for persistently high non-employment. Trade unions may be more effective in obtaining higher real wages for their members when collective bargaining is decentralised as in the UK, rather than centrally co-ordinated as in Germany and Sweden (as the chart shows). Unions encourage employers to pay above-average wage settlements to motivate their workers, but at the expense of higher wage inflation.

Sweden's centralised wage bargaining requires comparatively small increases in unemployment, argues Professor Larry Summers of Harvard University. "Countries with what appear to be long-term unemployment problems are often just countries where the non-employed keep being counted as unemployed for longer."

More brain than brawn: The variation across countries in rates of economic growth, wage-bargaining institutions, benefit levels, and active support for the unemployed - are large. But these national disguises conceal something they all share: the collapse in the demand for unskilled male labour over the past two decades.

ard and Dr John Philpot of the Employment Institute, a UK-based independent think tank. Countries such as Sweden and the US, with limited duration of unemployment benefits, tend to have lower unemployment.

Yet the link between unemployment benefits and unemployment is misleading. Studies find a positive, but small, relationship between benefits and unemployment. But once unemployment rates are replaced with non-employment rates, the simple correlation between benefit duration and joblessness breaks down.

The duration of benefits may, instead, merely determine how joblessness is recorded. "The real problem is non-employment and not unemployment," argues Professor Larry Summers of Harvard University. "Countries with what appear to be long-term unemployment problems are often just countries where the non-employed keep being counted as unemployed for longer."

More brain than brawn: The variation across countries in rates of economic growth, wage-bargaining institutions, benefit levels, and active support for the unemployed - are large. But these national disguises conceal something they all share: the collapse in the demand for unskilled male labour over the past two decades.

The rise of low-cost suppliers in the newly developed countries and the comparative advantage of developed countries in highly skilled, technologically advanced production has rendered much of the developing countries' manufacturing capacity obsolete. The rapid rate of productivity growth in manufacturing has been as important.

This structural shift has left a residue of poorly educated, unskilled male labour whose market value has fallen sharply. These are the groups which have been hit hardest by unemployment.

Countries have been affected in different ways, and their policy responses have differed. In the US, where wages are very flexible, the real wages of the lowest-paid 10 per cent of workers have fallen by 30 per cent since 1970, while the wages of college graduates have grown.

Very low relative wages for unskilled jobs and a lack of income support have been cited as one cause for the rise in crime. The LSE's Professor Richard Freeman points to the way the increase in incarceration has been concentrated among the uneducated in the 1980s. By 1988, 7.4 per cent of US male high school drop-outs were in prison, and 28 per cent of black male drop-outs, were in prison.

Continental Europe has taken a different route. The relative rigidity of wages, and high unemployment benefits, have prevented unskilled real wages from falling. But employers have been unwilling to hire the unskilled at those wages. Unskilled men subsist on state benefits.

The UK lies somewhere in-between. The real wages of the low paid have not fallen, but wage inequality rose more sharply than in Europe as labour market regulations were dismantled. Unemployment benefits, though permanent, are low compared with the rest of Europe. Little wonder then that the UK has taken on many US characteristics: high vacancies and rapid female employment growth alongside a rising pool of non-employed, and increasingly unemployable, men "active" outside the system.

Sweden appears to have bucked the trend. It, too, suffered a fall in manufacturing employment. But it has maintained a relatively low unemployment rate and non-employment, high unemployment benefits and a relatively equal wage distribution. Sweden has provided an alternative: employment in the public sector. Public sector employment has tripled over the past two decades; by 1987, more than 30 per cent of employed Swedes worked for the government compared with 15 per cent in the US. Japan has taken a not dissimilar route, but through highly inefficient private service sector employment.

The heavy costs of Sweden's third way have meant a much larger public sector and higher marginal and average tax rates than in other OECD countries. The electorate has now rebelled, electing a conservative government pledged to reduce the size of the public sector.

Dealing with the collapse in the demand for men whose principle skill is their physical strength is at the root of the economic and social problem facing all OECD countries. Nobody has yet found a satisfactory solution: supporting the unskilled unemployed to do nothing is wasteful; giving them public jobs is expensive; excluding them from society altogether is dangerous. The Los Angeles riots suggest inaction can have painful, and expensive, consequences.

Joe Rogaly

## A cartoon Community



The relationship between the European Commission's president Jacques Delors and the British government is like a Tom and Jerry cartoon. Tom, the cat, will stop at nothing in his efforts to swallow Jerry the mouse. Traps are set. Dynamite is fused and lit. Anvils are dropped. There are hat-raising moments, and sometimes a trick or two is won by Tom, but in the end Jerry always skips away free.

That is what happened at Maastricht in December. The draft treaty on European political and monetary union gave the Commission powers to make policy and issue directives in most areas of economic management. Brussels proposed to use the European parliament to impose direct taxes, and even to rule in matters of foreign policy and defence. Every paragraph contained a pratfall for believers in a *Europe des patries*. The actual treaty, to be presented to the Commons next week, maintains the EC as a congeries of states. Its policies are determined by negotiations between member governments. Some - perhaps too many - involve majority voting, but the nature of the association is such that consensus is usually sought. Tom would dearly love the EC to be a superstate, but it is not; nor is it inevitable that it will become one.

The dwindling band of Thatcherite nationalists disagrees. So does Mrs Thatcher herself. Her few remaining acolytes in the lower house will vote against the treaty, but since labour plans to abstain that is of merely symbolic importance. What matters now is the next stage of the argument. For in spite of his recent equivocations in advance of the Danish referendum on Maastricht, Mr Delors remains a

sincere believer in a united states of Europe. The Commission may have been frustrated in December, but it will be back. It never gives up.

There are two possible strategies that might ensure that it continues to lose. One is defence, the other is attack. The first is favoured by the British government, as Mr Douglas Hurd indicated a fortnight ago. In his Guildhall speech, he urged the EC to wait until the agreed date of 1992 before reviewing the Maastricht deal. The foreign secretary could not resist a dig at Mr Delors' dream of a strong single executive, a council of ministers working by majority voting and a strong single government of a centrally-managed superstate. "I believe that concept is now looking somewhat old-fashioned," said Mr Hurd.

Echoing his boss, Mr Tristan Garel-Jones, the junior minister for

## Not all Community member states will always want to participate in all areas of policy

Europe, said in Bonn yesterday that "Britain stands firmly by the Maastricht treaty". It is not difficult to see why. Mr Garel-Jones stressed every clause that strengthens the powers of national governments rather than the Commission. Foreign and security policy will be dealt with by a separate mechanism, as will cross-border policing. National parliaments could take the opportunity to scrutinise Commission proposals before they are debated in the Council of Ministers. He hoped that "on the analogy of the US Supreme Court, the European Court will give increasing emphasis to the rights of member states". This could be easier now

that the principle of subsidiarity is "enshrined" in community law.

We could call this aggressive defence. Attack might be better. One strategy is suggested by Mr Frank Vibert in a paper published by the European Policy Forum. He proposes that commissioners should be limited to two five-year terms; that national parliaments should be able to propose EC legislation; that the Commission itself should be "unbundled", thus separating its administrative, judicial and regulatory functions; and that the EC should recognise that not all member states will always want to participate in all areas of policy. He speaks of extending the European Union "on the basis of 'non-coercive' techniques for joint action".

The precise details are of less immediate moment than the question of whether Britain should thus attack Brussels expansionism. Reopening Maastricht before 1992 would be a nightmare; sending out signals of the Vibert kind might dissuade the Commission from making any such attempt.

Britain is in a strong position in the EC this year. The French and German governments are in temporary difficulties. There will be plenty of mistakes "Euro-crowd" over border controls, for example, or social policy. But Mr Major's stance, at the "heart of Europe" is convincing. The British presidency, which begins in a few weeks' time, will take further the debates on enlargement and the Community budget. The single market has yet to be completed. The Common Agricultural Policy needs restructuring. It is tempting to regard this full agenda as a protection against the introduction of further structural ideas before 1996. Perhaps it is. Yet the best defence is counter-attack, as when Jerry ties the cracker on Tom's tail. Remember?

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Brazil's President Collor talks to FT writers about the Earth Summit and the challenges of economic reform

## Determined driver of the 'last train to modernity'

In three weeks Brazil's President Fernando Collor de Mello is due to host the UN conference on Environment and Development, better known as the Earth Summit - an occasion he describes, with perhaps pardonable hyperbole, as "the conference of the century".

With more than 100 heads of state expected in Rio de Janeiro, Collor's Brazil will be on show at a critical time domestically. The coming months will determine whether Latin America's largest economy can break free from a decade of chronic inflation (still running at 20 per cent a month) and return to its historic pattern of rapid growth, or whether the government will be forced to abandon its adjustment programme in the face of political pressure and mounting social problems.

In an interview Mr Collor seemed determined not to yield to demands to relax his deflationary policy which has prolonged a recession which began in 1990. "We have caught the last train to modernity. It is not going as fast as we'd like it's because obstacles are being placed in front of us daily as if to test us. But we are overcoming them."

Lacking a sufficient political base to steer crucial economic reforms through Congress, Mr Collor was forced last month to bring into his government old-style politicians who are already asking for increased funds. But at the same time the government's failure to meet first quarter targets of an economic stabilisation programme with the International Monetary Fund, will mean increased pressure to slash public spending even further to prevent a collapse of the second.

According to official figures, expenditure was already down about 60 per cent in the first quarter, compared with the same period last year, achieved by a virtual freeze on all new spending commitments. At one point even the foreign ministry's telephones were cut off because the bill had not been paid.

Mr Collor insists he will resist pressure for higher social spending from politicians who face important local elections this October. "These pressures are legitimate in the sense of the need for state investment but it is also legitimate for me to insist on sticking to my stabilisation programme. The ministers must obey and are obeying."

Mr Collor's new pragmatism contrasts sharply with the gimmickry of two years ago, when he came into office pledging to "slay the inflationary tiger



Collor: 'The ministers must obey and are obeying'

with a single bullet." The 42-year-old president now admits that the people he brought into his initial cabinet were inadequate to the task. "It was a team of young idealists without experience. I've learnt through time that I needed people with more experience and thus I have now brought into my cabinet older people with professional qualifications and sound ethics."

Himself a political outsider from the backward north-eastern state of Alagoas, Mr Collor assumed office in March 1990 with monthly inflation at 84 per cent and immediately stunned the nation by freezing four-fifths of commercial bank accounts, in between riding jet skis and flying fighter aircraft. Now after two failed economic plans he has abandoned what is known locally as his "Indiana Jones" approach.

In favour of strict fiscal discipline embodied in the staid persona of the Economy Minister, Mr Marcellino Marques Moreira. The change has taken a visible personal toll on Mr Collor. His hair is now sprinkled with grey, and he admits to having lost 14 kilos (30lb) while in office. There have been persistent rumours about his health, although in this week's interview he appeared relaxed and fit.

The austerity programme is extracting a heavy social cost of which symptoms are not

hard to find. This week, São Paulo, Brazil's largest city, has been paralysed by bus strikes. Over the past month 30 supermarkets have been ransacked by mobs in Rio de Janeiro, and there is considerable unease in the military over low pay. Brazil has the world's worst income distribution and last month the minimum monthly salary fell to less than \$40.

Mr Collor admits he is concerned but insists that "improvement of standards will come only with the return of economic growth to the state. At this stage it is necessary to defeat the phantom of inflation, balance public accounts and reduce the role of the state in areas in which it should not be operating. It's a project of extraordinary ambition which will not produce overnight results."

Brazil has come under frequent attack for the widely publicised murders of street children by death-squads, and Mr Collor insisted that the welfare of children is his highest priority. A large part of the budget, he said, is being devoted to "integrated assistance centres for children", designed "to rescue children from the streets".

He added that education is essential for Brazil's economic growth. "We cannot enter the first world with third world labour. Cheap manpower is no longer an incentive to invest-

ment." Pointing to the array of Brazilian-made tank, fighter-jet and rocket models arranged on his shelves, he said: "It's no good building computers and planes if in the future we're submerged by a wave of ignorance."

Brazil is still lagging behind the rest of Latin America in the reform process. It has by the highest inflation in the region and is the most closed market, imports only representing 5 per cent of GDP. But Mr Collor warns against comparisons. "Brazil is a continent-sized country which has both first-world economies such as São Paulo and areas of intense underdevelopment."

He added: "Brazil has enormous potential and possibilities. With stabilisation I have no doubt that Brazil will be the best alternative for foreign investment."

One of the problems which makes Brazil's difficulties so intractable is its rapid population growth. Despite his somewhat sensitive position as president of the world's largest Catholic country, Mr Collor plans to bring population control into the discussions at the Earth Summit.

Mr Collor believes industrialised countries' concern about world population is motivated mainly by fear of uncontrolled migration. But, he says, "developed countries spend three or four times more to receive an immigrant than the investment it would take to create the conditions to keep him in his country of origin. People move because they are looking for opportunities for survival."

Taking as an example the *garimpeiro* (wildcat gold miner) in Amazonia, he said "the *garimpeiro* doesn't cut down trees because he wants to see logs on the ground, or pollute rivers because he likes seeing fish dying. He has travelled thousands of kilometres to the jungle in search of survival. When we ran an operation to remove *garimpeiros* from the Amazon one sent me a letter saying, 'Fine, Mr President, but how do you expect me to live now?'"

Mr Collor said he was now far more confident of the Summit's success than he had been a month ago, particularly since the confirmation this week that US President George Bush would attend. "It would have been a disaster if the US had not been represented at the highest level," he said.

He believes the importance of the conference cannot be overestimated. "If we continue as we are today, the planet will not survive the next 50 years." Reporting by Stephen Fidler, Christina Lamb and Edward Mortimer

## OBSERVER

### Parting walls

■ Compact, rich and handsome Stephen Walls, just gone down the gangplank from the good ship Arjo-Wiggins Appleton, looks to be becoming a bit of a corporate flibbertigibbet - which, as any international executive knows, can damage even the best-managed reputations.

No one can quibble about his 13-year apprenticeship at Chasebrough-Ponds in the US. He's also said to have done well while briefly running Plessey before GEC interrupted. But having helped to demerge Wiggins Teape Appleton from BAF and then meld it with Arjo-Prioux, 44-year-old Walls is again collecting his P45 and presumably another golden handshake. His French shareholders were not prepared to back a young man in a hurry.

Were it not for the earlier resignation from the AWA board of Henry Wendt, SmithKline Beecham's respected chairman, Walls's reputation must surely have suffered more than it has from the latest boardroom bust-up. And even as things are, it's hard to judge his success as a £400,000-plus chief executive; he has never stayed in one job long enough to be tested.

Come to think of it, if only he were a bit younger, he'd probably make a good merchant banker.

### Hiccup

■ Is the Old Testament right that man dates from God's creation 5,732 years back, or did he evolve more lengthily as Darwin said? The question has somewhat stumped Pepsi-Cola's first launch in Israel, where Coca-Cola has long had

the market to itself.

Planned advertisements suggesting Darwin was correct, and that today's homo sapiens drinks Pepsi, turned the stomach of the ultra-orthodox Jewish community's court, Badatz. Unless the blasphemous ad was cancelled, it ruled, Pepsi's kosher certification would be void.

The company and its local licensee, Israel's biggest drinks-maker Tempo, are still sweating over how to respond to the threat - a powerful one given that the religious community accounts for a good portion of the country's £170m soft-drinks market.

Meanwhile the local producers of Coke looked on smugly. Their impeccably kosher plant is sited in Tel Aviv's main ultra-orthodox neighbourhood, Bnei Brak.

### Over to you

■ John Snow and John Price, and that's just for openers... Fred Ramsey will be on hand as first change. Any cricketing capitalists who feel up to facing the ex-England pace bowlers, should call John Ayling on 071-439 6070.

He's drumming up an FT Business XI to take on the Lord's Taverners, under former Test captain Mike Denness, at the Oval on Saturday June 27. First come, first picked, he says - although WFP's Martin Sorrell is already booked to play (not necessarily in the slips).

The only catch, before the game starts at least, is that playing will cost a charitable donation of at least £2,000.

### Rice whine

■ If Tokyo-touring Dan Quayle is time between visiting factories, negotiating the new world order and such, he'd do well to watch a video called



"We're letting you go - here's your gold watch"

Imported Rice is Dangerous, just produced by the well meaning if protectionist Japan Offspring Fund.

The video traces the tragic lives of weevils in three containers of rice. One houses the home-grown product, the next imported Australian rice, and the third the good old American rice that the US vice-president no doubt insists is served with his curries and chop suey.

A flourishing family of 50 weevils was added to the American rice and, allegedly owing to the effects of insecticides, 10 were dead within four days. The fate of the weevils in the Australian rice was still sadder: all 50 perished within a week. Of course, the weevils in the Japanese rice lived happily ever after.

### Deep thinkers

■ Focusing attention on the fact that three out of the five new members of the prime minister's policy unit are women raises the point. The ideas of the new team are far more important than its sex. Unlike its predecessor, the new

team does not have to concentrate on the short-term objective of winning an election.

Two of the new faces - David Poole and Damian Green - are well known in the City. Poole, son of a former Tory party chairman, used to be with Capel Cure Myers and more recently ran James Capel's corporate finance side. If the government is to take a look at the pensions business, Poole is the man to watch. Green, presenter of Channel 4 Business and a "Heathite" Tory, has some interesting ideas on the future of the TV licence fee - which could make the BBC twitchy.

Meanwhile, civil servant Jill Rutter's career does not seem to have been blighted by her work on the poll tax and Lucy Neville-Rolfe comes from a well-connected family. Of the existing team, Sarah Hogg's deputy remains Nick True, the man largely credited with having turned the Citizen's Charter from a bright idea in the prime minister's mind to the centrepiece of his strategy for improving the public services. Alan Rosling, son of Hanson vice-chairman Derek Rosling, also remains on board.

### Spoken for

■ The Iron Lady is still stealing the show over Europe, as witness her performance at the International Securities Market Association's conference in Munich.

Appearing alongside German finance minister Theo Waigel, Mrs Thatcher advanced the thesis that all EC convergence means is other countries getting bigger subsidies from Germany and Britain. Isn't that right, she asked, turning to Waigel for support - only to find he had slipped away.

"Well," she said, unperturbed. "If he were still here, he'd say yes."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL  
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### A banking bid based on a faulty premise

From Messrs Joe McCue and Peter Moles

Sir, It is not clear how Prof Little and Dr Ciancanelli of UMIST (Letters, May 12) can legitimately discriminate with regard to the Midland takeover in favour of Hongkong and Shanghai Bank's "international" bid. This is yet another example of the discredited 1980s cross-border bank acquisition mania. From the standpoint of Hongkong Bank shareholders, such an acquisition is frankly a nonsense as the bank can perform its own diversification without paying the penalty of a control premium.

Even without such costs, the "international" bid lacks sense. The experience of banks in international acquisitions has been devastatingly bad. Concepts such as global networks and international connections are now thoroughly discredited. To our knowledge, no research has demonstrated enhanced economies of scale at the international level. In fact, quite the reverse: real savings are best achieved in the "in-market" situation. It is now obvious that customers can easily "unbundle" these so-called global services to the detriment of international banking conglomerates. Because of poor profitability, not least in their international networks, banks everywhere are retreating to core or least-

### 'Inappropriate' for civil servant to join Anglian Water

From Mr David Elyan

Sir, You report (People, May 13) that a deputy secretary in the Environment Department has just been made a non-executive director of Anglian Water. "There will be no conflict of interest," you say, "because the department has been restructured" following the privatisation of the water companies.

You say that the appointee has also been a director of a subsidiary of John Laing. Such appointments are and always will be particularly insensitive and inappropriate. The fact that a public servant has the time to devote to one

or more non-executive board appointments and the fact that remuneration is paid for such services are matters of considerable public interest.

I hope that the powers that be in the Environment Department (or indeed any other department) will look again at this and any similar appointments and realise that the granting of such permission is an error of judgment which should not be allowed.

David Elyan,  
Communication Investments,  
Queen's House,  
Holy Road,  
Twickenham, Middx, TW1 4EG

### Carbon tax a dead duck for EC

From Mr Marcus Rand

Sir, Your article "Carbon tax faces Europe with steep cost rises" (May 14) raises a number of key issues. By making the proposed tax conditional on the US and Japan following suit, the EC tax is in fact a massive dead duck with no chance of being implemented. The US has resisted any proposal to reduce its own emissions, and is certain to ignore this.

In reaching this "achievement", the EC has abandoned plans for Europe-wide renewable energy and efficiency initiatives. These initiatives, like the carbon tax, are necessary to stabilise carbon dioxide emissions by 2000 to 1990 levels.

The net result of this massive compromise to the fossil fuel lobby will, according to the EC's own analysis, result in a 12 per cent increase in the emissions of carbon dioxide by 2000.

The conditionality of this announcement has effectively handed over EC decision making on global warming to a former oil company head: George Bush. The best the EC can offer in the build up to the Earth Summit is to do nothing. But by doing nothing the EC has taken a determined step to increase its contribution to global warming.

Marcus Rand,  
energy policy researcher,  
Greenpeace,  
Cranbury Villas, London N1

### Auditors: questions of responsibility and of cost

From Mr J A Leek

Sir, Mr Philip Wood's call (Letters, May 13) for the Caparo case (limiting auditors' liability) to be reversed is both welcome and timely. How appropriate that you should publish it on the same day as the radical Auditing Practices Board proposals to widen the power and scope of auditors.

Although auditing is long established, it is not yet the oldest profession in the world. It should therefore heed carefully Kipling's famous warning

about "power without responsibility..."

J A Leek,  
group chief executive,  
Caparo Group,  
105 Baker Street,  
London W1M 1PD

From Mr Bernard Juby

Sir, For the enlightenment of the outgoing president of the Chartered Association of Certified Accountants ("Move to cut audits attacked", May 8), the cost of an audit is a regressive "tax" on small businesses.

With 78 per cent of all UK companies having an annual turnover of less than £100,000 (only 2 per cent with a turnover of more than £1m and 1 per cent more than £10m) most businesses are very small.

The business development unit of Manchester Business School has produced figures from which it can be shown that the cost to a company with a turnover of £20,000-£50,000 is between 5.5 and 2.2 per cent of turnover, while for a company with £1.5m-£2m

turnover it is only 0.3 to 0.2 per cent, a difference of 25 times at the two extremes.

When a business is wholly-owned by husband/wife the additional cost of an audit over and above the accountancy fees is obtrusive and worthless. It is also an unnecessary extra cost and the sooner it is scrapped the better.

Bernard Juby,  
Federation of Small Businesses,  
140 Lower Marsh,  
Westminster Bridge,  
London SE1 7AE

Quietly ask yourself  
"If not now, when?"



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## OLYMPIA & YORK ON THE BRINK

■ Filing for protection would block creditors' taking control of assets ■ Judge orders \$240m payment to Morgan Stanley

# Not enough fingers to plug the dyke

By Robert Peston

MR PAUL REICHMANN, the publicity-shy founder of Olympia & York Developments, has for two months been struggling to avoid asking the Canadian and US courts for protection from his creditors under bankruptcy procedures.

But his bankers have become convinced over the past few days that court protection may afford him the best chance of carrying out an orderly reconstruction of his business, which has billions of dollars of properties in Toronto, New York and London.

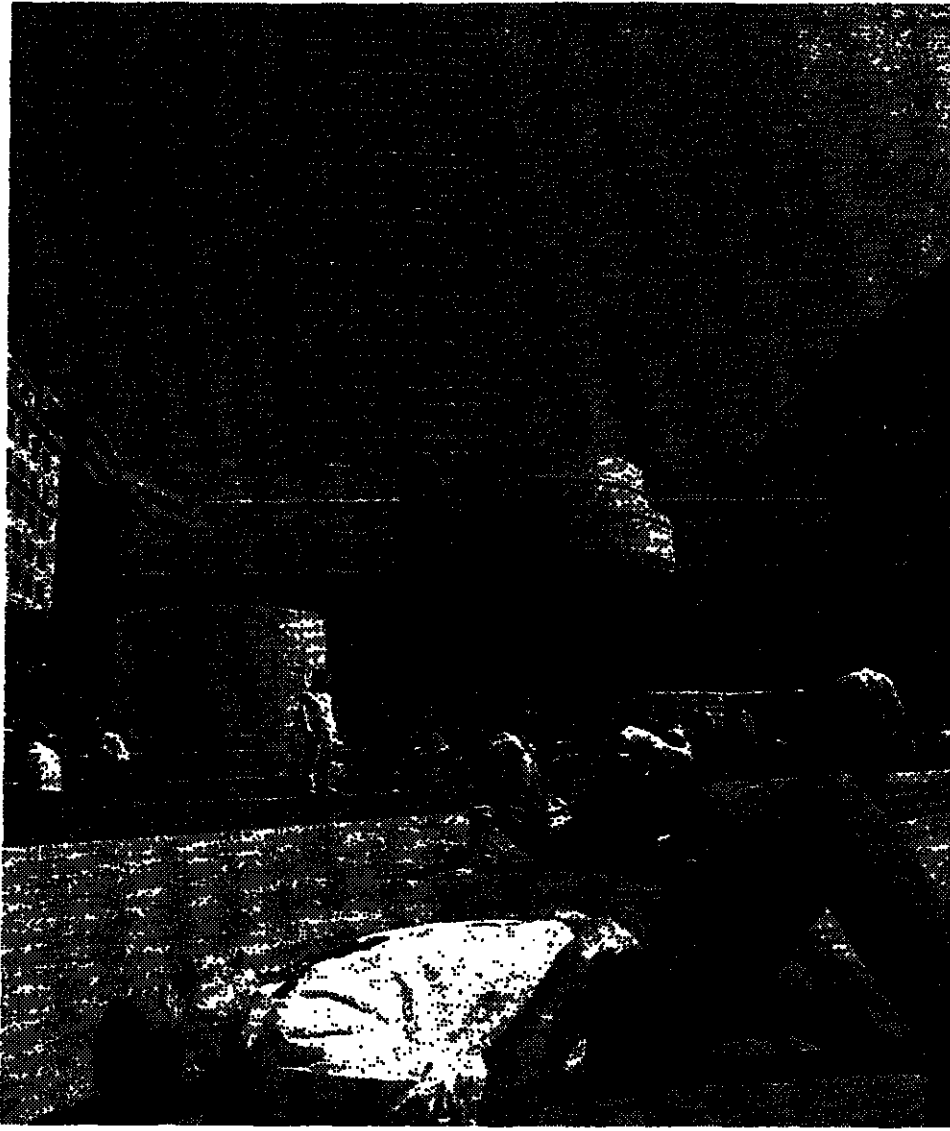
Earlier this week, Mr John Major, the British prime minister, and Mr Robin Leigh-Pemberton, governor of the Bank of England, were alerted to the prospect of O&Y seeking the protection of the Canadian courts from the competing claims of its many creditors. The Canadian government and Mr John Crow, governor of the Bank of Canada, were also told.

But the news was restricted to this small circle. In the unlikely event that O&Y changed its mind and tried to do without court protection, it was imperative that its preparations for bankruptcy filing should not leak. As the world's biggest property developer, with \$12bn of debt, any premature public disclosure would have shaken the world's property and banking markets.

By yesterday morning, however, it was becoming clear to O&Y and its bankers that they had little choice. A long line of disgruntled creditors was queuing at Mr Reichmann's door in Toronto.

He had just been ordered by a High Court judge in London to make a payment of \$240m to Morgan Stanley in respect of a contract by which the US investment bank had the right to sell to O&Y the lease on an office in Canary Wharf, the \$3bn development in London's Docklands. Although the payment is in respect of the Docklands property, the liability falls on O&Y's parent company in Canada.

Morgan's claim was only the latest of several confronting Mr Reichmann. A syndicate of



Relaxed attitude: workers at Canary Wharf bask in yesterday's sunshine while others, arriving by riverbus, head for their offices

eight banks led by JP Morgan, the US commercial bank, is foreclosing on a \$160m loan. Meanwhile, bondholders owed \$325m are furious that O&Y is delaying payment of \$317m in interest and are threatening to seize rents payable to O&Y by occupants of First Canadian Place in Toronto.

O&Y also faces a demand for immediate repayment from holders of several hundred million dollars of commercial paper, short-term debt securi-

ties, which are secured against another Toronto building, the Exchange Tower. As one of O&Y's bankers said yesterday: "There are too many holes in the dyke and not enough fingers to fill them."

Since mid-March, when holders of \$680m of commercial paper demanded immediate repayment, Mr Reichmann has been using up all his fingers - and his toes - filling those gaps. He ran out of cash and has been having problems sell-

ing assets to raise more. He and his advisers are convinced that his assets still have a net positive value - of about \$5bn, according to Mr Reichmann. But these assets, mostly huge office blocks in Toronto and New York, would not fetch anything like as much as that if they were sold today.

O&Y's banks, led by Citicorp, Hongkong and Shanghai Bank and Canadian Imperial Bank of Commerce, have advised Mr Reichmann that he

needs to create more time for himself if he is to succeed in producing a workable plan to realise assets over the long term and gradually reconstruct his business.

By filing for protection from creditors, O&Y puts a block on their ability to take control of assets. Mr Reichmann's hope would therefore be that O&Y will at some point emerge from the court's protection as a going concern.

Any reconstruction plan will

be based on the proposals which O&Y put last Thursday to its 15 biggest bank creditors, who were representing all 100 of its banks. Mr Steve Miller, O&Y's chief bank negotiator and a partner in the US investment bank, James D Wolfensohn, asked the banks to suspend principal payments on most of the company's \$12bn of debt for five years. There was also a request that they take new O&Y shares instead of cash interest on around \$4bn of

this debt. If the scheme were approved, the banks would probably end up owning 50 per cent of O&Y.

At the time of that bank meeting, O&Y's Achilles heel appeared to be Canary Wharf. It was the cost of building Canary Wharf which drained O&Y of cash in the first place.

O&Y has told its bankers it needs to raise \$300m from a group of 11 Canary Wharf lenders to meet costs of finishing the office development over the next two years. But much of the \$300m was required simply to pay interest to banks on loans already made. Banks were unhappy about doing this.

Their chief concern was whether the value of the Canary Wharf buildings - in which 40 per cent of space is unoccupied - would increase enough over the coming few years to make it sensible to lend any new money at all.

Bankers are encouraged that the UK government has been indicating it is likely to move thousands of civil servants down to Canary Wharf to occupy about 500,000 square feet of space. But the government has been proposing to pay only £10 per square foot, compared with the banks' estimate that a rent of about £15 would be necessary to make the project viable.

In the event, the Canary Wharf banks have provided O&Y with £21m, enough to meet costs until the end of May. Advised by Ernst & Young, the accounting firm, and Hillier Parker, the surveyor, they plan to decide by the middle of next week whether to put up any more money.

Canary Wharf may not go into administration, under UK insolvency procedures, following the Canadian bankruptcy filing, because at the moment no creditors are threatening to seize the Canary Wharf assets.

If it were the one part of O&Y which avoided bankruptcy filing, Mr Reichmann would allow himself a wry smile, since Canary Wharf caused the bulk of his problems. But one banker said of that prospect: "Theoretically possible, but..."

## Little risk for UK builders

By Andrew Taylor, Construction Correspondent

THERE WOULD be sadness among British contractors at the collapse of the developers of Canary Wharf, but most have already been paid for the initial phase of the project which has been largely completed.

Any problems that could arise would involve money which has been retained by Olympia & York against the possibility of defects emerging in completed buildings.

Normally developers would retain 5 per cent of the total cost of a building until it has been completed. After that developers can retain 2 1/2 per cent of the cost as an insurance against defects developing within 12 months.

At least two large UK contractors are understood to be owed money by O&Y on this basis. It is not clear what claims companies might have on these outstanding sums should the developers be placed in administrative receivership.

If this happened, companies fitting out the large office blocks could also be at risk. This work is done last before the tenants arrive. Unfortunately for O&Y not enough tenants are paying rent to make the scheme viable.

Whether companies now fitting out buildings got paid would depend upon whether contracts are with the developers or the tenant. Most are likely to have insisted upon regular progress payments given the state of O&Y's finances.

Any loss of revenue would be bad news for builders when the UK construction market is in deep recession and new orders are in short supply. British contractors would be particularly concerned that the government might decide not to go ahead with the £1.7bn extension to the Jubilee Underground line. O&Y had been expected to provide up to \$400m over 25 years towards the cost of building the extension.

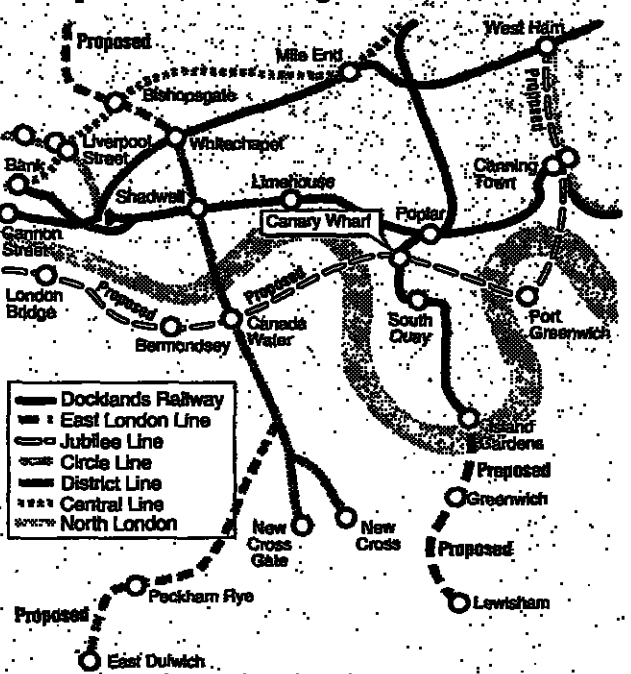
The project, which received Royal Assent in February, has attracted widespread interest from British and overseas tunnelers, although London Underground cannot place contracts until the secretary of state for transport gives the go ahead.

It has already identified an all-Italian consortium led by Italstrade as likely to win the contract for the 4.3km section between Canary and Canada Water on the south bank of the Thames.

Bidders for other sections include Trafalgar House of the UK, Cogefar of Italy, Spie Batignolles and Dumez of France and Hochtief of Germany.

At Canary Wharf only one building, known as B3, is left to be completed - and work on that is largely finished. There is also a small amount of civil engineering, including improvements to a jetty used by river buses.

### Rail plans for Canary Wharf



## Test of wills soon over Jubilee extension

By Richard Tomkins, Transport Correspondent

GOOD TRANSPORT links have always been seen as crucial to the future of Canary Wharf and London's Docklands. But with the final shape of Canary Wharf now in doubt, one question to be answered is whether those transport plans will be scaled back.

Projected government spending on Docklands transport is colossal. Over the next five years, the bill for upgrading the Docklands Light Railway, extending London Underground's Jubilee Line and completing the road links is expected to reach \$3.5bn - many times more than is being spent on transport in the rest of the badly congested capital.

The government's commitment to the regeneration of Docklands means most of that

spending will still go ahead. Road construction and the upgrading of the Docklands Light Railway are in any case too far advanced to be halted.

Where doubts do arise, however, is over the two transport links in which Olympia & York is financially involved - the RiverBus and the Jubilee Line extension.

The RiverBus, a high-speed ferry service running every 20 minutes along the Thames from Chelsea Harbour to Canary Wharf and Greenwich, is in danger of becoming an early casualty if O&Y collapses. Heavily loss-making, it has only survived this long because O&Y was prepared to finance it as a stop-gap service pending the completion of other transport links.

It only seems likely to continue if any successors to O&Y decide the losses are out-

weighed by the value of the direct links provided by the ferry between Canary Wharf and British Rail's London Bridge, Charing Cross and Waterloo stations.

The Jubilee Line extension from central London to Canary Wharf and Stratford, in east London - the most important link of all - also faces uncertainty. At £1.7bn it accounts for nearly half the projected Docklands transport spending.

In recognition of the fact that the value of the Canary Wharf development would be greatly enhanced by the Jubilee Line extension, O&Y had agreed to pay \$400m towards the construction cost. But only £100m was to be paid during the construction period; the remaining \$300m was due in staged payments long into the future, so its effective present value was small.

O&Y and the Department of Transport had yet to sign a legal agreement covering the details of the deal. But the department has a letter from O&Y committing the company to the financial contribution, and ministers regard this as binding on the company and its successors.

What remains to be seen, however, is whether O&Y's banks see it this way, or whether they would try calling the government's bluff and default, in the expectation that the government would pick up the tab.

The government's view is that whoever takes control of Canary Wharf would accept that \$300m is a small price to pay to secure the Underground line, given the fact that the investment will be recouped many times over through the enhancement of Canary

Wharf's value. Conversely, without the line, Canary Wharf could become next to worthless.

But O&Y's banks are also aware that the extension of the Jubilee Line is crucial not just to Canary Wharf, but to Docklands in general; they may gamble that the political price of not proceeding with the project would be far greater than the missing \$300m.

Whichever way, it seems likely that the line will be built. But the bigger question is over the timing. London Transport warned yesterday that it could not hold its project team together indefinitely. If the uncertainty lasts much longer, and the project team is disbanded, the Jubilee Line could be badly delayed - with all that implies for Canary Wharf and Docklands as a whole.

## Family fortune slip slides away

By Bernard Simon, In Toronto

THE conversation in the spacious, book-lined study of Paul Reichmann's home in north Toronto turned one recent Saturday evening to the subject of Canary Wharf. What went wrong, the Reichmanns' guests were wondering, with the family's mammoth showpiece in London's Docklands? "Canary Wharf," one of the Reichmanns replied defiantly, "is too good for the British."

Such bitterness is not surprising now that the family company, Olympia & York, is tottering on the brink of bankruptcy. Enriched for more than a decade as the world's wealthiest and most astute property developers, the Reichmanns may now face the agony of watching the vast empire which they built crumble around them.

Ever since they started putting up industrial buildings on the outskirts of Toronto in the late 1960s, Paul Reichmann and his brothers Albert and Ralph have prided themselves on the innovative touches which kept them one step ahead of the competition.

Paul Reichmann has been heard ticking off one project after another where O&Y provided features and services which no other developer had

thought of - from Toronto's 26-storey Aetna Centre built in the late 1960s, to the marble-decorated towers of Canary Wharf.

In spite of the Canary Wharf problems, Mr Reichmann's vaunted skills as a property developer are likely to remain in demand if O&Y is forced into the protection of the courts. But the Reichmann brothers, and especially Paul, will almost certainly play a less dominant role.

O&Y has always been run as a family firm, despite its size. Even in the years of helicopter growth in the mid-1980s, almost every decision, big and small, was made by Paul or his elder brother Albert. Their closest confidants for the past quarter-century have been the handful of men they recruited from O&Y's auditors. The company's offices still close well before sunset each Friday to allow the Reichmanns and other Jewish employees to get home in time for the Sabbath.

Not even the heads of O&Y's biggest subsidiaries have been invited to Paul Reichmann's unremarkable home in the heart of Toronto's Orthodox Jewish neighbourhood, whose most pretentious feature is a glass-enclosed family room. But things were starting to change even before the liquid-

ity crisis broke in February and March.

Mr Reichmann late last year approached Mr Tom Johnson, former head of the US bank Manufacturers Hanover, to join O&Y. Mr Johnson spent less than three weeks as O&Y's president in March, but a precedent had been established for outsiders to have a significant say in running the company.

Mr Johnson has been succeeded as president by Mr Gerald Greenwald, a former vice-chairman of Chrysler. Another ex-Chrysler man, Mr Steve Miller, has for the past six weeks spearheaded O&Y's negotiations with restive banks and bondholders.

The Reichmanns remain O&Y's sole shareholders for the time being. But here too, their control shows signs of slipping. A milestone was reached in London last week when the family came to the reluctant conclusion that it had no choice but to offer creditors an equity stake - albeit a non-voting one - in the parent company, Olympia & York Developments.

O&Y has already started shrinking as the Reichmanns have stepped up their desperate search for cash. It has sold a controlling interest in inter-provincial Pipeline, one of North America's biggest oil pipeline operators.

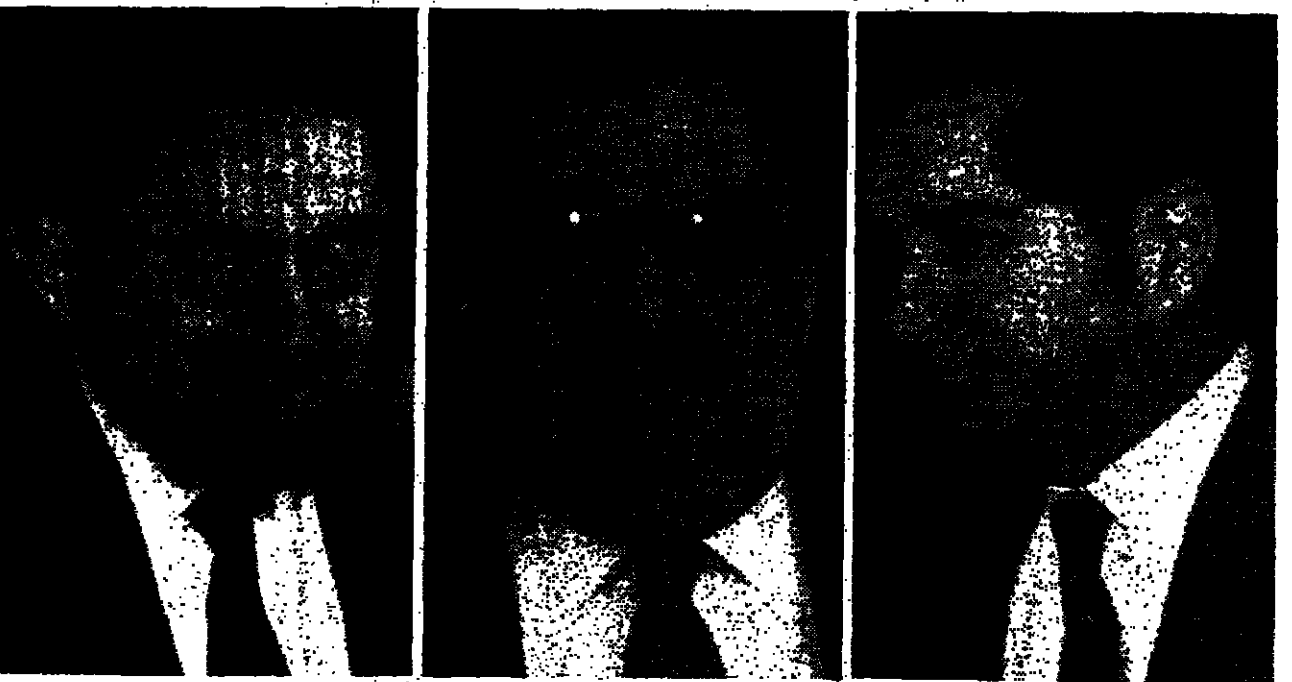
O&Y has also announced plans to spin off its 19 per cent stake in Santa Fe Pacific, the biggest single shareholding in the Chicago-based railway, mining and pipeline operator. Its stake in Home Oil, a Calgary-based energy producer is also up for sale.

Even some of the precious real estate is on the block. O&Y has been desperately casting around for a partner to buy at least part of Canary Wharf. It has unsuccessfully tried to seal a sale-and-leaseback deal on the 36-storey Exchange Tower building in Toronto.

Some of O&Y's other North American properties are also for sale. But prospective buyers have so far found that Paul Reichmann - whose mild manner masks a tough, and even stubborn, will - has no intention of parting with them at bargain-basement prices.

Whether O&Y can hang on to the bulk of its property may depend mainly on the length of time its creditors are willing to wait to get their money back. The Reichmanns will be crossing fingers for a strong upturn soon in the North American and UK office property markets. The glut of office space in New York, London and Toronto does not augur well.

The damage which O&Y's troubles has wreaked on the Reichmanns' personal fortunes



Bitter brothers: Paul Reichmann (left), Ralph (centre) and Albert said Canary Wharf was "too good for the British"

can only be guessed at. Forbes magazine last year ranked them as the world's seventh-richest family, with a net worth of \$7bn. O&Y recently estimated the market value of its net assets at about \$3.5bn. But the volatility of the property market and the sheer size of many of the company's buildings makes it hard to pinpoint a precise value until firm buyers step forward.

The Reichmanns own a web

of private companies outside O&Y, including Olympia Tile, one of North America's biggest floor-covering distributors. The personal companies own some minor property assets, but as far as outsiders can tell, all the crown jewels remain under the O&Y umbrella.

Before the crisis broke, it was widely expected that O&Y's far-flung empire would eventually be parcelled out among the three brothers'

dozen or so children. Two of Paul Reichmann's five children are still at university in Israel, but several other members of the younger generation (and their spouses) work for the family company and sit on the boards of subsidiaries. One nephew is at Abitibi-Price, the newspaper maker which is 80 per cent owned by O&Y.

But none of the younger Reichmanns has impressed outsiders as obvious successors

to their fathers. Indeed, some of their present jobs could be in jeopardy if O&Y is forced into massive asset sales.

The question of succession will become less pressing as the family is forced to loosen its grip. Although the next generation will probably inherit a tidy sum by most people's standards, they might have had a lot more to look forward to if the British had been more appreciative of Canary Wharf.







## INTERNATIONAL COMPANIES AND FINANCE

## Shell shares rise on strong result

By Neil Buckley in London

SHARES in the Royal Dutch/Shell group, the Anglo-Dutch oil company, gained 1 1/2% to close at £46 3/4 yesterday as the company announced surprisingly strong first-quarter results.

Increased earnings from exploration and production helped the company to increase net income on a historical cost basis to \$858m (\$1.33bn), up just over 1 per cent from \$847m in the same period last year.

With the price of Brent crude around \$3 a barrel lower than in the first quarter of 1991, analysts had forecast figures of between \$450m and \$650m.

Current cost net income, which includes stock gains or losses, fell 23 per cent to \$854m from £1.33bn.

The figures reflected a strong performance in upstream and downstream businesses outside North America. Shell said margins in its Asian market remained relatively firm because of lower levels of export from the Middle East

and growth in demand.

Mr Fergus MacLeod, oil analyst at County NatWest in Edinburgh, said: "These are very intriguing figures and completely at variance with anything any other company has managed to deliver. They reflect a great deal of success in holding on to margins at the pumps and the refineries."

Shell's oil production in the first quarter rose 6 per cent to 2.22m barrels a day. Gas sales volumes also rose 9 per cent to 8.31bn cu ft a day.

Earnings in the exploration

and production sector rose to \$488m from \$433m last year, with higher production and special items including a US contract settlement and tax adjustment more than offsetting the lower oil price.

Downstream manufacturing and marketing earnings increased to \$288m compared with \$254m, although they fell on a current cost basis to \$350m from \$394m because of lower margins.

Gains from corporate items also boosted the figures. *Lex*, Page 26

## French takeover reforms approved

By William Dawkins in Paris

MR MICHEL SAPIN, the French finance minister, has approved a reform of takeover rules, obliging companies to offer to buy all the shares of companies they are bidding for, instead of just 66 per cent as previously.

The long expected change, which brings France more in line with UK takeover practice, comes in response to repeated complaints from minority investors that they were often left with small amounts of worthless shares in companies subject to two-thirds bids.

Their frustration became a national issue last year, when Pinault, the diversified timber to retailing group, provoked an outcry by obtaining control of An Printemps, the department stores group, by launching an offer for two thirds of the shares.

The plight of minorities won full support from stock exchange authorities, who argued that clearer takeover rules would help stem the flow of investment away from Paris to other European stock markets. The reform is therefore no surprise. Indeed, some investors have already started to launch full bids, once passing the 33.3 per cent stake at which an offer must be triggered, instead of making old-style partial offers.

## LVMH climbs to FF4.53bn

LVMH, the French luxury goods group, saw first-quarter group consolidated revenues rise 1.8 per cent to FF4.53bn (\$610m) from FF4.44bn in the same period in 1991, AP-DJ reports from Paris.

The company also said a drop to FF1.86bn from FF2.33bn in wine and spirits sales "has no significance for the first quarter of 1992" as 1991 figures were boosted by buying before price increases.

## GrandMet beats forecasts with £402m at half-time

By Philip Rawstone in London

GRAND Metropolitan, the food, drinks and retailing group, topped market forecasts with a 7 per cent increase in interim pre-tax profits to £402m (\$711.54m).

The result was helped by a £15m bonus from exchange rates but trading profits from continuing businesses in the six months to the end of March grew 11 per cent in sterling terms and 6 per cent in local currencies. Earnings per share rose 5.6 per cent to 13.3p. The interim dividend is raised 9.5 per cent to 4.6p.

GrandMet's share price responded with a gain of 7p to close at 49p.

Sir Allen Sheppard, chairman and chief executive, who

predicted three months ago that first-half profits would be in line with last year's £377m, said: "Trading conditions in our major markets continue to be testing. The rate of our advance will depend on the rate at which the world economy recovers from recession." Recovery had begun in the US and there were signs of improvement in the UK, he said.

Analysts are forecasting full year profits of between £1.03bn and £1.06bn.

GrandMet's drinks division, IDV, contributed 54 per cent of the group's £437m trading profits. IDV brands achieved an 18 per cent growth in profits to £235m on turnover of £1.4bn, up from £1.17bn. In spite of contraction in the North American market, IDV profits rose

14.3 per cent in dollar terms and 24.2 per cent in sterling to £77m. Profits in Europe and the rest of the world were up 15.3 per cent to £158m.

Trading profits at Burger King rose 13 per cent in local currency terms to £48m on the back of increased sales and improved margins. However, losses at the Pearle eye-care stores rose from £5m to £13m.

Profits from the group's managed pubs and property business rose £4m to £26m but there was a loss of £7m on IEL, the GrandMet/Courage pubs joint venture. The accounts include extraordinary profits of £138m from the sale of the Express businesses in the UK and Ireland. *Lex*, Page 26

## Accor expects profits up 10% to FF1.05bn

By William Dawkins

ACCOR, the acquisitive French hotel group, yesterday forecast that its net profits would rise 10 per cent this year.

Mr Gérard Pellissier, group co-chairman, told yesterday's annual meeting that he expects net profits of around FF1.05bn (\$183m) this year, up from the FF943.6m reported in 1991. Last year's profit was 5.6 per cent down on 1990, the first fall in the group's history, due to the Gulf war and a general fall in business travel and tourism.

Mr Pellissier warned that trading conditions this year and next would not be as good as in the four years to 1989, when profits rose on average by nearly 35 per cent annually.

## Norwegian insurer dips

VITAL FOSKRING, the Norwegian insurer, yesterday reported a NKr2m dip in first quarter pre-tax profit to NKr356m (\$56m). Vital boosted first-quarter premium income by 29 per cent to NKr1.077bn from NKr838m in the same period last year, writes Karen Fossli.

Gross financial income increased by NKr66m to NKr546m. Vital said that asset values since end-March had risen substantially due to a recovery in prices on the Oslo stock exchange and greater stability in foreign interest rates. Operating expenses rose by NKr2m to NKr156m.

## CGS seeks partners for Sogeti

By Alan Cane

CAP GEMINI Sogeti, the leading European computing services group, is seeking partners to join Germany's Daimler-Benz as shareholders in Sogeti, the group's holding company, according to Mr Serge Kampf, the CGS chairman.

His comment follows the announcement by CGS that talks with Olivetti, the loss-making Italian computer manufacturer, which had been going on since the early part of the year, had been

abandoned. A statement said the discussions had become too complicated for the current state of the computer market, currently in its worst recession.

The subject of the talks had never been made public but there had been intense interest in the prospect of a deal between Olivetti, which is expanding its interests in computing services, and CGS which has remained independent of computer hardware manufacturers.

Olivetti has a broad range of alliances and associations with

other companies but no single large partnership comparable with the deal concluded some months ago between Groupe Bull of France and International Business Machines of the US.

Mr Kampf refused to make predictions for the current financial year but said revenues in the first quarter amounted to FF2.44bn (\$448m) compared with FF2.49bn in 1991.

A new streamlined and decentralised structure for the company would be announced next month, he said.

## BBL advances 5.6% at halfway

By David Buchan in Brussels

BANQUE Bruxelles Lambert (BBL), Belgium's second largest bank, yesterday announced a 5.6 per cent rise in net, unconsolidated profit to BF2.4bn (\$72m) for the six months to March 31 this year. BBL also said Credit Communal may take a 10 per

cent stake in the bank.

Credit Communal is one of a half dozen public institutions which the Belgian government has recently attempted to revitalise. Credit Communal has pursued a more aggressive strategy than the others in linking up with private sector banks.

BBL said it would explore

the "potential synergy" between the two banks.

The operating results at BBL improved by 17.4 per cent over the past six months.

At the same time, however, it said it was increasing provisions by 30 per cent to BF4.9bn, in order to cover higher risks arising from lending to the former Soviet Union.

## Sparebanken Nor back in the black

By Karen Fossli in Oslo

SPAREBANKEN Nor, Norway's biggest savings bank known internationally as Union Bank of Norway, yesterday reported that it had returned to profit in the first quarter, helped by a reduction in operating costs and stable income.

Operating profit was NKr4m

(\$629,400) compared with a NKr168m operating loss in the same period last year. Operating profit, before credit losses, rose by NKr137m to NKr317m. Credit losses were reduced by NKr35m to NKr313m.

Sparebanken Nor said that net interest income improved slightly to NKr657m from NKr644m. Operating costs were reduced by NKr81m to

NKr584m. The bank boosted specified loan loss reserves to NKr2.6bn from NKr1.7bn in last year's first quarter reporting period. Unspecified loan loss reserves were increased by NKr367m to NKr1.17bn.

"The most important reason for the bank's improvement is a 14 per cent reduction in operating costs by the parent bank," Sparebanken Nor said.

## European venture capital rises

By Andrew Jack

THE VALUE of venture capital funds invested across Europe rose by 12 per cent to Ec4.6bn (\$3.62bn) last year, in spite of the economic downturn and a reduction of new funding from venture capitalists in the UK.

The findings come in the annual survey of venture capital conducted by the European Venture Capital Association in conjunction with KPMG Peat Marwick, the accountancy firm, which was released yesterday.

Investment from EC countries outside the UK grew by 29 per cent. UK funds dropped from Ec1.9bn in 1990 to Ec1.7bn last year, but still represent 37 per cent of all European venture capital. "Our main concern was

whether venture capital was going to reflect the slowdown," said Mr Miguel Zorita Lees, chairman of the Association. "It has managed to weather the storm relatively well."

There were 4,111 new investments in 1991 amounting to Ec4.57bn and 2,796 follow-on investments valued at Ec1.09bn. The average venture capital investment was Ec671,000.

Expanding companies and buy-outs accounted for 87 per cent of venture capital contributed, while seed capital to finance new businesses grew by 49 per cent. But the absolute amount of seed capital - at Ec46m - remained a small fraction of all capital.

Mr John Hustler, head of venture capital at KPMG, said:

"Venture capital investment assists with expansion-financing once a business is up and going. The big question is how to get more seed-corn investment for start-ups."

Small companies received the vast majority of venture capital, with 96 per cent going to enterprises with less than 1,000 employees.

There was little investment in high-technology industries, in which venture capital investment peaked in 1989. Mr Hustler said this was a function of the structure of European businesses.

He said there had been a sharp increase in investment in the medical and health sectors, while venture capitalists were still neglecting opportunities in telecommunications.

## Philips offer to Super Club holders

PHILIPS, the Dutch electronics group, is to offer minority shareholders in Super Club, its loss-making Belgian-based video rental chain, BF150 (\$44) per share for the 49 per cent of the company which it does not already own, writes Ronald van de Krol.

Instead of cash, Super Club shareholders may also choose to receive warrants on Philips shares worth BF225 each, the liquidators of Swiss-based Super Club Holding said.

They said that the price of BF150 had been agreed with leading minority shareholders,

but it is not yet clear whether all shareholders will be prepared to accept Philips' offer.

If all the minority shareholders choose the cash alternative, Philips will have to pay BF1.26bn to take full control over Super Club.

## SGS Société Générale de Surveillance Holding S.A.

## Offer for the Exchange of Bons de Jouissance category A for Bearer Shares

The Annual General Meeting of Shareholders of SGS Société Générale de Surveillance Holding S.A. held on May 14, 1992 in Geneva, has resolved to increase the share capital of the Company by SF 12 297 000 to SF 187 441 000 by the issue of 24 594 new bearer shares of SF 500 par value, the preferential subscription rights of existing shareholders and holders of Bons de Jouissance category A being excluded. These new shares are reserved for the following exchange offer upon the terms described:

- The holders of Bons de Jouissance category A are invited to exchange their Bons de Jouissance category A with no par value for Bearer Shares of SF 500 par value during the period from

May 25, 1992 to May 28, 1993

at any of the Swiss branch offices of the following banks:

Union Bank of Switzerland  
Pictet et Cie  
Bordier et Cie  
Bank Julius Baer and Co Ltd  
Bank Sarasin & Co  
Bank J. Vontobel and Co Ltd

- One bearer share of SF 500 par value (as of July 1, 1992, five bearer shares of SF 100 par value) with right to dividend as from the 1992 business year may be obtained in exchange free of charge against remittance of 6 (six) Bons de Jouissance category A, with coupon No. 14 and subsequent coupons attached. If the Bons de Jouissance category A are deposited with a bank, the application to such bank of the "application for exchange" duly completed and signed will suffice.

Any purchase or sale of 1 to 5 Bons de Jouissance category A must be made through the stock exchanges.

- The federal stamp tax of 3% that becomes due on the new bearer shares as well as the Swiss withholding tax of 35% will be borne by the company.

- The bearer shares exchanged freely against Bons de Jouissance category A should be declared as income under the Swiss federal income tax. As the Company will assume the entire withholding tax burden, income should be computed as follows for federal tax purposes:

SF 500 x 100 = SF 769.25  
65  
or SF 128.20 for each Bon de Jouissance category A exchanged.

Recoverable withholding tax for each bearer share (or for 5 bearer shares as from July 1, 1992) is computed as follows:  
SF 769.25  
35% of SF 769.25 =  
or SF 44.85 for each Bon de Jouissance category A exchanged.

Any Swiss cantonal income tax liability is governed by the provisions in the respective cantons for the taxation of bonus shares. In the cantons of Basel Land, Basel Stadt, Geneva, Lucerne, Obwald, St. Gall, Thurgau, Uri and Zurich, the per value of bonus shares is not subject to tax; the only amount which is taxable for income tax purposes in these cantons is the withholding tax of SF 269.25 per bearer share (as of July 1, 1992, 5 bearer shares of SF 100 par value) borne by the Company. The other cantons follow the principles applicable for the Swiss federal income tax.

Shareholders and holders of Bons de Jouissance category A resident abroad are subject to the tax legislation of their respective country of residence; entitlement to recovery of the Swiss withholding tax is governed by any existing double taxation treaty with Switzerland.

The above is given for information purposes only and in the case of any doubt as to the tax position, professional advice should be sought.

- The exchange and delivery of new bearer shares to the holders of Bons de Jouissance category A will be free of charge.
- Application has been made for the official listing of the new bearer shares on the stock exchanges of Geneva and Zurich.
- The delivery of the new bearer shares will take place as soon as possible.
- The new bearer shares have not been registered under the United States Securities Act of 1933. Therefore, they may not be offered or sold, either directly or indirectly, in the United States of America, its territories or possessions. Furthermore, they may not be offered or sold to any person (including companies) who is a citizen of or is resident in the United States of America, its territories or possessions.

Holders of Bons de Jouissance category A resident in other overseas territories should consult their professional advisers to determine any formality or restriction relating to the acceptance of this exchange offer.

Application forms for exchange may be obtained at the above-mentioned banks

For information only, the dividend for the 1991 business year to the holders of Bons de Jouissance category A will become payable as from May 19, 1992 against coupon No. 13.

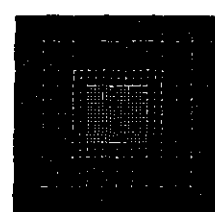
Geneva, May 15, 1992

Security Numbers:  
Bons de Jouissance cat. A 249 733  
Bearer Shares 249 737

SGS Société Générale de Surveillance Holding S.A.  
On behalf of the Board  
The Chairman: E. Salina Amorini

## VENTURE SYMPOSIUM 1992

3-5 June 1992, Madrid



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The symposium will examine how the European venture capital industry has performed to date and debate strategies for future success.

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Douglas R Brown  
Advent International plc

William D Bygrave  
Babson College, USA

Linda Cahill  
Johnson & Johnson

John R Hustler  
KPMG Peat Marwick

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Monsanto Europe

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There is a limited amount of exhibition space available at the symposium.

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HA



## INTERNATIONAL COMPANIES AND FINANCE

## Thomson incurs hefty deficit

By Bernard Simon in Toronto

THOMSON, the Canadian-owned travel and publishing group, has blamed the continued slump in advertising in its North American and UK regional newspapers for a substantial first-quarter loss.

A 87 per cent drop in the North American newspaper division's operating profit virtually wiped out improvements in earnings from the UK travel business and lower interest charges.

The net loss, before preferred share dividends, was US\$47m,

or 9 cents a common share, compared with a \$48m loss, or 10 cents, last year. The figures include charges of \$17m this year and \$16m in 1991 for amortisation of publishing rights and circulation.

Total sales rose to \$1.14bn from \$1.06bn, with most of the improvement coming from the travel and professional publishing divisions.

The company said North American newspaper results were hit by a 1.9 per cent drop in advertising lineages in the US, and a 6.4 per cent slump in Canada. Margins were also

eroded by continued spending on product improvements.

The travel business has recovered strongly from the setback of the Gulf war. The company reported a 24 per cent jump in packaged holiday sales last winter, compared with 1990-91.

Sales of summer holidays are 8 per cent ahead of last year. The pick up in traffic benefited Britannia Airways, Thomson's charter airline subsidiary, and Lunn Poly, the UK's largest chain of travel shops.

The airline has found a buyer for all five of its Boeing

737-300s over the next 12 months. They will be replaced by operating leases on four larger Boeing 767s in 1993 and 1994.

Thomson said earnings from the North American professional publishing group were below expectations, but should be largely recovered later in the year when delays in product shipments were overcome.

Poor advertising hit the group's UK regional newspapers, but sales and profits of UK-based professional, business and academic publications have been encouraging.

## Continental Air moves back into the black

By Nikki Tait

CONTINENTAL Airlines, one of the middle-ranking US carriers and in bankruptcy since late 1990, reported an after-tax profit of \$17.4m in the three months to end-March.

This compared with a \$181.3m loss in the same period a year earlier, when the Gulf war-related slump in traffic volumes drove the industry heavily into the red.

However, Continental acknowledged that the profit resulted from a non-recurring gain of \$52.8m - mainly as a result of the sale of slots and gates at New York's La Guardia airport.

It did make a much-reduced operating loss of \$3.7m in the period - compared with the \$138m deficit 12 months earlier. Revenues in the first quarter rose to \$1.41bn, from \$1.32bn in 1991.

## Texas Inst to enter PC chip sector

By Louise Kehoe in San Francisco

TEXAS Instruments, one of the largest US semiconductor manufacturers, yesterday announced its entry into the market for personal computer microprocessor chips with the introduction of its own device.

Texas Instruments could become a formidable challenger to Intel, which is facing increased competition from Advanced Micro Devices and other chip companies that have produced clones of its leading microprocessor products.

In advance of Texas Instruments' announcement, Intel announced that it would slash the price of its 486SX microprocessors by 50 per cent in the third quarter of this year.

Intel aims to steer computer makers away from the older 386 generation of microprocessors toward the 486. In particular, the company aims to take advantage of the growth in low-cost PCs through mass merchants in the US.

"Now for the about the same price, computer users will be able to buy an Intel 486SX-based system that outperforms any 386-based system on the market," including those containing competitors' versions of the 386, said Mr Paul Otellini, vice-president and general manager of Intel's microprocessor group.

Intel said its price cuts were not related to Texas Instruments' anticipated announcement. However, TI's product introduction might provoke a legal battle between Texas Instruments and Intel, pitting two of the largest US semiconductor manufacturers against one another.

## Coors to spin off non-beer side

By Nikki Tait in New York

ADOLPH Coors, best-known as the third largest US brewer behind Anheuser-Busch and Miller Brewing, announced yesterday that it plans to spin off its non-beer interests as a separately-quoted stock market company.

Shares in the new company would be distributed free to the company's existing shareholders.

The new company would take in a fairly diversified range of businesses, including Coors's ceramics interests, its Golden Aluminum operation, a packaging subsidiary and three smaller "developmental" companies - namely Golden Technologies, ZeeGen and Micro-Lithics.

Coors said that the plan should leave the Colorado-based Coors Brewing Company largely intact. The businesses to be spun off had sales last year of about \$544m, or about one quarter of the group's total. Among Coors's ceramics interests is a facility in Glenrothes, Scotland.

Coors's action is the latest in a spate of demerger moves by US companies. Only last month, for example, Ralston Purina, the large US consumer products announced plans to spin off its Continental Baking Company subsidiary, the

nation's biggest wholesale baker.

Securities Data has calculated that 13 demerger announcements were made in the first quarter of 1992, double the figure for each of the preceding five quarters.

Yesterday, Coors's shares rose strongly, up \$2 1/4 to \$30 1/4.

Coors was formed in 1873, and is still largely family-run. Under the demerger plan, different members of the family would head up both entities.

The diversification into ceramics first took place in the 1920s, when the prohibition of alcoholic beverages in the US temporarily shut down Adolph Coors's fledgling brewery.

## Upjohn awaits Halcion rulings

By Karen Zagar in New York

UPJOHN, the Michigan-based pharmaceutical company, should soon know the fate of its Halcion sleeping pill. The company's final appeal of the drug's ban in the UK will be heard today.

In the US, the advisory panel of the Food and Drug Administration is scheduled to make its recommendations on the drug next week.

When Halcion was first banned in the UK in October following charges that the drug was unsafe and caused memory loss and depression, the ensuing furore led to extensive re-labelling in the US and bans

in some other countries.

Sales of Halcion, which was once the most popular sleeping pill in the world, plunged 39 per cent in the first quarter of this year.

Although the UK is a small market for Halcion, there is some concern that if the drug is not reinstated in the UK, other European countries will also ban Halcion. The final UK verdict is expected by mid-June.

In the US, it is widely expected that the FDA advisory panel will recommend that lower doses of Halcion remain on the market.

In November, the FDA approved a new package insert and smaller packaging of Halcion in addition to changes in labelling.

Upjohn has vigorously denied that there were safety problems with the drug, when it is used as directed. The company has said it welcomed the FDA's review as a chance to show, in a scientific setting, that Halcion was safe and effective.

Even if Halcion receives favourable decisions in the US and the UK, some analysts believe that the damage to its reputation, and to sales, may be irreparable.

On Wall Street, shares in Upjohn slid 4 1/4 to \$35 1/4 at midday.

## Equitable flotation scheme wins approval

By Nikki Tait

THE New York State Insurance Department has given the go-ahead for the demutualisation scheme at The Equitable Life Assurance Society, the large US life insurer.

This is by far the largest US demutualisation - the process whereby a mutual insurer, controlled by its policyholders, turns itself into a "conventional" shareholder-owned company. Equitable policyholders have already approved the move.

The next step in the process will be the flotation of Equitable shares on the stock market, an event scheduled for this summer. Once that is complete, Axa, the French insurance group, should emerge with a 40 per cent to 49 per cent stake in Equitable in return for its \$1bn infusion of capital into the ailing US group last year.

Axa said that the initial public offering of Equitable shares in The Equitable Life Assurance Society of the US was expected to take place in July, following a period for appeals against the demutualisation approval.

Asarco, the US mining metals group, which spent \$1.1bn over the past few years in a headlong rush to transform itself, is pausing for breath to put its balance sheet in better shape.

The group has sought to throw off its old image as a lumbering copper-smelter - mainly taking in material from other miners for refining - and assuming that of an integrated copper producer.

In 1985, before the transformation got under way, the group could supply only 25 per cent of the copper concentrate - an intermediate material - needed to keep its smelters fully occupied. Today it can supply 100 per cent.

Ironically, custom smelters have rarely been more profitable than today.

The world is suffering from a smelter bottleneck. Smelters are turning many potential customers away because of an abundance of concentrate and their treatment charges are very high.

Mr Richard Osborne, chairman, is not perturbed. "The world might be short of one copper smelter right now but money and time will take care of that," he says.

Asarco's short-term objectives are to ensure its heavy investments will pay off. "We must focus to a man on getting operating rates [at mines and smelters] up to where they should be," says Mr Osborne.

Meanwhile, Asarco has set about repairing the damage high spending caused to its balance sheet. Its debt has climbed from 28 per cent of

## Asarco pauses for breath after its headlong rush

metals assets. Asarco also spent heavily to improve its own properties.

Its Mission mine in Arizona has been expanded by 42 per cent, enabling it to produce some 124,000 tons of copper this year. A \$8 per cent expansion of the Ray mine was completed in February this year and it is expected to produce 182,000 tons of copper.

A revamp of its El Paso smelter, to increase capacity by 38 per cent, will be finished by 1993. And the redevelopment of its Silver Bell mine as a leach operation is expected to be completed in 1994.

## Barbara Durr looks at how one US mining group has transformed itself from lumbering copper smelter to integrated copper producer

The group plans no further acquisitions in 1992. "We must be careful that we don't take opportunities at too great a pace for the company to absorb. We must let the organisation pause every now and again," says Mr Osborne. However, he adds quickly, "But we haven't stopped looking for opportunities."

Meanwhile, Asarco has set about repairing the damage high spending caused to its balance sheet. Its debt has climbed from 28 per cent of

## NOTICE OF MEETING OF HOLDERS OF SERIES 1, SERIES 2 AND SERIES 3 BONDS OF OLYMPIA &amp; YORK FIRST CANADIAN PLACE LIMITED

NOTICE is hereby given that a meeting of the holders of Series 1, Series 2 and Series 3 Bonds (the "Bonds") of Olympia & York First Canadian Place Limited (the "Company") issued under and secured by the Trust Indenture for Secured Bonds dated as of September 19, 1988 made by the Company in favour of The Royal Trust Company, as trustee (the "Trustee"), as amended by First Supplemental Indenture dated as of September 19, 1988 (collectively, the "Trust Indenture"), will be held at 10:00 o'clock a.m. (Toronto time) on Friday, the 5th day of June, 1992, at Rooms C and D of the Grand Ballroom, Toronto Marriott Eaton Centre Hotel, 525 Bay Street, Toronto, Ontario for the purposes of:

1. providing information to the holders of Bonds concerning various matters relating to the Company, the Bonds and the security therefor;
2. enabling representatives of the Company and Olympia & York Developments Limited who will be invited to the meeting to provide further information to the holders of Bonds;
3. considering and, if thought fit, passing such Extraordinary Resolutions and other resolutions pursuant to the Trust Indenture as may be necessary or advisable at the date of the meeting including, without limitation, Extraordinary Resolutions provided for in Section 14.02 of the Trust Indenture;
4. considering and, if thought fit, passing an Extraordinary Resolution to (a) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the Extraordinary Resolution) to exercise, and to direct the Trustee to exercise, on behalf of the holders of Bonds, such of the powers of the holders of Bonds as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee, (b) provide for payment of the expenses and disbursements of and compensation to such committee and (c) provide for indemnification of the Trustee; and
5. taking such further or other action, whether by way of Extraordinary Resolutions pursuant to the Trust Indenture or otherwise, as may be advisable.

This notice is given pursuant to the Trust Indenture to the intent that any Extraordinary Resolution adopted at the meeting or at any adjournment thereof (the "Meeting") in accordance with the Trust Indenture shall be binding upon all holders of Bonds and his or her heirs, executors, administrators, successors and assigns, whether present or absent, and that the Trustee (subject to the provisions for its indemnity contained in the Trust Indenture) shall be bound to give effect thereto accordingly. This notice describes only the general nature of the business to be transacted at the Meeting and holders of Bonds are urged to attend the Meeting to be advised of the specifics thereof.

## Holders of Series 1 and Series 2 Bonds

Series 1 and Series 2 Bonds have been issued in fully registered form only in accordance with the Trust Indenture. Registered holders of Series 1 and Series 2 Bonds may attend the Meeting in person or may appoint another person as proxy by depositing an instrument appointing the proxy signed by the holder of the Bond or an attorney of the holder of the Bond, together with:

- a) in the case of an instrument signed by the holder of the Bond, either (i) a certificate of a notary public or other officer authorized to take acknowledgements that the person signing the instrument acknowledged to him or her the fact and date of the signing of the instrument or (ii) an affidavit of a witness of such signing; or
- b) in the case of an instrument signed by an attorney of the holder of the Bond, (i) the writing appointing the attorney to sign the instrument and either (A) a certificate of a notary public or other officer authorized to take acknowledgements that the holder of the Bond acknowledged to him or her the fact and date of the signing of the writing or (B) an affidavit of a witness of such signing and (ii) either (A) a certificate of a notary public or other officer authorized to take acknowledgements that the attorney signing the instrument acknowledged to him or her the fact and date of the signing of the instrument or (B) an affidavit of a witness of such signing.

## Holders of Series 3 Bonds

Series 3 Bonds have been issued in bearer form only in accordance with the Trust Indenture. Holders of Series 3 Bonds may:

- a) attend the Meeting in person by depositing either (i) the Bonds or (ii) a voting certificate executed by any bank, broker, trust company or other depository satisfactory to the Trustee, wherever situated, certifying that on the date therein mentioned such holder had on deposit with such depository the Bonds designated in such certificate and that such Bonds will remain so deposited until the surrender or cancellation of the voting certificate; or
- b) appoint another person as proxy by depositing the items described in c) above together with an instrument appointing the proxy signed by the holder of the Bond or an attorney of the holder of the Bond and, in the case of an instrument signed by the holder of the Bond, the items described in a) above, or in the case of an instrument signed by an attorney of the holder of the Bond, the items described in b) above.

Any bank, trust company, insurance company or governmental department or agency approved by the Trustee that is a holder of Series 3 Bonds may satisfy the requirement in c) above by depositing a voting certificate signed by it certifying that it is the holder of the Bonds designated in such certificate and that it will continue to hold such Bonds until the termination of the Meeting.

## Deposits, Proxies and Forms

All deposits in connection with the Meeting may be made:

- a) by a holder of Series 1 and Series 2 Bonds with the Trustee at the addresses set forth below; and
- b) by a holder of Series 3 Bonds with (i) the Trustee at the addresses set forth below or (ii) Bank of Montreal, 11 Wallbrook Street, London EC4N 8ED, England.

In each case at or before 4:00 o'clock p.m. (local time) on Tuesday, the 2nd day of June, 1992 or with the Trustee at the place of the Meeting on the day of the Meeting prior to its commencement.

Persons appointed as proxies need not be holders of Bonds.

All instruments of proxy and certificates referred to herein shall be in a form satisfactory to the Trustee. Forms of instrument of proxy, affidavit of signing and voting certificate may be obtained from the Trustee at any of the following branches or from Bank of Montreal at the address set forth above:

BRANCH	MAIL ADDRESS	DELIVERY ADDRESS
Halifax, N.S.	P.O. Box 1058 B3J 2X1	Centennial Building 1660 Hollis Street 3rd Floor B3J 1V7
Montreal, Que.	P.O. Box 700 Station "B" H3B 3K3	16th Floor 2001 University Street H3A 2A6
Toronto, Ont.	P.O. Box 7010 Adelaide Street Postal Station M5C 2W9	363 University Avenue 5th Floor M5G 1E6
Winnipeg, Man.	P.O. Box 748 R3C 2M2	330 St. Mary Avenue 3rd Floor R3C 3Z5
Regina, Sask.	P.O. Box 1035 S4P 3B2	2201 - 11th Avenue S4P 3B2
Calgary, Alta.	P.O. Box 2955 T2P 2Z3	600 The Dome Tower 333 - 7th Avenue SW T2P 2Z1
Vancouver, B.C.	Mall Level 1177 W. Hastings St. V6E 2K3	Mall Level 1177 W. Hastings St. V6E 2K3

DATED this 11th day of May, 1992.

THE ROYAL TRUST COMPANY  
Lawrence Johnson  
Secretary

## ETBA

THE HELLENIC INDUSTRIAL DEVELOPMENT BANK  
INVITATION FOR EXPRESSION OF INTEREST  
in the purchase of the shares  
of ABEETH(HEATING EQUIPMENT MANUFACTURING  
AND TRADING COMPANY)

As part of the Greek government's privatisation policy, ETBA intends to sell its shareholding (100%) in ABEETH (the Company). J.S. Gadd & Co. Limited has been given the exclusive mandate by ETBA to act as the financial adviser in the divestiture of the above shareholding.

**Brief Overview of the Company**  
ABEETH was established in 1988 and took over the activities of THERMIS S.A., a traditional boiler manufacturer established in 1931 which was then put into liquidation. It manufactures and markets cast iron water boilers and heating elements and has an estimated 10% market share. It also sells air-conditioning and other heating equipment. All products are marketed under the "THERMIS" brand name, the rights for which are held by the Company. The Company's rented plant facilities measuring 11,000m<sup>2</sup> are situated in Rizoupoli, Attica. The Company employs 104 people.

## Key Financial Figures (GRD million)

	1989*	1990	1991**
Sales	1,212	1,078,866	
Net Profits (losses)	8	(15)	(176)
Net worth	203	188	14

(\*) Results referring to 15 month period

(\*\*) Provisional figures

## Privatisation Procedure

The privatisation process involves three distinct phases.

In the first phase, interested parties will contact in writing either J.S. Gadd & Co. Limited, or their representative in Greece KANTOR Management Consultants. They will then receive the full privatisation procedure as well as an information memorandum for the Company. Interested investors may express their interest in participating in the second phase, in writing to Gadd & Co. or KANTOR by May 22, 1992 and sign a confidentiality agreement.

In the second phase, interested investors will be given access to confidential information and will be able to visit the company facilities. The second phase will last until June 19, 1992.

In the third phase, interested investors will be asked to submit to ETBA by 1300 hours on June 22, 1992, binding offers for the acquisition of the company's shares accompanied by a letter of guarantee for GRD 25 million. The offers will be opened immediately after submission and announced to the interested parties. No offer will be accepted after the above deadline.

ETBA, through J.S. Gadd & Co. Limited, reserves the right to request from potential buyers additional information in order to verify their capability to complete the transaction.

ETBA reserves the right to request clarifications on submitted proposals, to ask interested parties to improve their offers, to reject all offers submitted or to modify the privatisation procedure.

For the information memorandum as well as for any further information on the privatisation procedure and the timetable, interested investors should contact:

J.S. Gadd & Co. Limited 45 Bloomsbury Square London WC1A 4AR Tel: 4471-242554 Fax: 4471-1090577 Attn: M.S. Carraway N. Robinson	KANTOR Management Consultants 4 Ization St. 17 42 Athens Tel: 01-9239650 Fax: 01-9228401 Attn: C.S. Mitropoulos K.Giannakopoulos
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## NOTICE OF PURCHASE

EUROPEAN  
INVESTMENT BANK

JPY 50,000,000,000 6.75%

NOTES DUE 10TH MAY 2001

Pursuant to the terms and

conditions of the Notes,

notice is hereby given to the

bondholders that during the

ten-month period commencing

10th July, 1991, no purchases

have been made in the open

market for this issue.

As of 10th May 1992, the

principal amount of such

Notes remaining in

circulation was

JPY 50,000,000,000

Luxembourg, 15 May 1992

EUROPEAN

INVESTMENT BANK

## NIPPONDENSO

£25,000,000

Lease financing for

manufacturing plant and equipment

Leases

NDM Manufacturing Ltd.

NID MARSTON

Leases

S.G. Warburg &amp; Co. Ltd.

The undersigned structured and arranged these transactions and acted as advisors to

Nippondenso Co. Ltd.

NOMURA BARCOCK &amp; BROWN CO. LTD.

BARCOCK &amp; BROWN

BANK OF TOKYO



## THE SOUTH AFRICAN BREWERIES LIMITED

(Incorporated in the Republic of South Africa)  
Reg. No. 04/162500

### ABRIDGED PRELIMINARY REPORT for the year ended 31 March 1992

**Turnover**  
10% increase to R17.7 billion: marginal beer volume growth

**Cash value added**  
Up 8% to R4.5 billion

**Profit after taxation**  
Up 8% to exceed R1.0 billion

**Earnings per share**  
Improvement of 10% to 290 cents

**Dividends per share**  
Increased by 10% to 130 cents  
*Scrip alternative offered*

**Investment activity**  
Acquisition of 67% of Plate Glass Group completed after year-end.  
R3 billion capital expenditure programme approved

**Prospects**  
Similar increases in earnings foreseen for coming year

#### FINAL DIVIDEND

The Directors have declared a final dividend of 97 cents per ordinary share, on account of the year ended 31 March 1992, payable to ordinary shareholders registered in the books of the company at the close of business on 28 May 1992 (the record date).

Ordinary shareholders may elect to receive fully paid new ordinary shares in the company at an issue price of 5 180 cents per share, in lieu of the cash payment of the final dividend in respect of all or part of their shareholdings, on the basis of 1,872 ordinary shares for every 100 ordinary shares held. Fractions of shares will not be issued to shareholders, who will instead receive the cash equivalent of such fractions.

A circular containing full details of the share offer, together with an election form, will be posted to shareholders on or about 5 June 1992.

2 Jan Smuts Avenue Johannesburg 2001 Republic of South Africa

Copies of the Preliminary Report, which contains full particulars of the dividend and share election, will be posted to registered shareholders and can be obtained from the London Secretaries, Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE

This announcement appears as a matter of record only.

## THE BANK OF NEW YORK

is pleased to announce  
the establishment of a

### SPONSORED AMERICAN DEPOSITORY RECEIPT (ADR) FACILITY

for

**Dresdner Bank**



NASDAQ Symbol: DRSDY  
Ratio (10 ADRs : 1 ORD)

**THE  
BANK OF  
NEW  
YORK**

For further information regarding The Bank of New York's ADR Services, please contact Kenneth A. Lopian in New York (212) 815-2084, Michael McAuliffe in London (071) 322-6336 or Rainer Wunderlin in Frankfurt (49-69) 7141-226.



### Sparekassen Bikuben A/S

(A Savings bank established under Danish Banking Law)

U.S. \$45,000,000

#### Floating Rate Subordinated Notes due 1996

Holders of Floating Rate Subordinated Notes of the above issue are hereby notified that for the interest period from 18th May, 1992 to 18th November, 1992 the following information will apply:-

1. Rate of Interest: 5.25%
2. Coupon Amount: US\$268.33
3. Interest Payment Date: 18th November, 1992

Agent Bank  
Bank of America International Limited

### Tenneco Inc

HOUSTON, TEXAS

1992  
is our 46th  
consecutive  
year of cash  
dividend  
payments

The 1992 second quarter dividend of 40c per share on the Common Stock will be paid June 9 to stockholders of record on May 26. About 116,000 stockholders will share in our earnings.

Karl A. Stewart, Vice President and Secretary



### RED NACIONAL DE LOS FERROCARRILES ESPAÑÓLES

US\$500,000,000  
Floating rate notes due 1998  
Unconditionally guaranteed by  
THE KINGDOM OF SPAIN

In accordance with the provisions of the notes, notice is hereby given that for the six months interest period 15 May, 1992 to 15 November, 1992 the notes will carry an interest rate of 3.475% per annum. Interest payable on 15 November, 1992 will amount to US\$199.13 per US\$100,000 note and US\$1,991.30 per US\$1,000,000 note.

Agent: Morgan Guaranty Trust Company  
JPMorgan



### BANQUE INDOSUEZ

US\$150,000,000

Subordinated Floating Rate Notes due 1998

Notice is hereby given pursuant to the terms and conditions of the Notes that for the six months interest period from May 15, 1992 to November 15, 1992 the Notes will carry an interest rate of 5.5% per annum. The interest payable against Coupon No. 15 on the relevant interest payment date, November 15, 1992 will be U.S. \$387.75.

By: The Chase Manhattan Bank, N.A. London Agent Bank  
May 15, 1992

## INTERNATIONAL COMPANIES AND FINANCE

### Japanese property companies suffer

By Robert Thomson in Tokyo

EARNINGS of Japanese property-related companies are under strain. Mitsubishi Estate, the realtor, yesterday reported a 0.3 per cent increase to ¥90.2bn (¥902m) in pre-tax profits for the year to end-March, and Daiwa House Industry, the home builder, a modest 1.3 per cent rise to ¥90.4bn.

However, Mitsubishi Estate is forecasting a 20.2 per cent decrease in pre-tax profits for the current year, the first fall in 17 years, which it blamed on

the slow recovery of the property market and a new method of assessing land tax.

Daiwa House is forecasting that pre-tax profits will expand by only 1.5 per cent on sales up from ¥881.9bn to ¥906bn. The more optimistic sales figure follows signs that the Tokyo housing market is gaining strength after two years of falling demand and prices.

Last year, Mitsubishi's sales rose by 2.1 per cent to ¥345.5bn, while for the current period it is expecting sales of ¥360bn. Daiwa's sales rose 9.9 per cent last year.

The impact of the collapse of the Tokyo stock market was reflected in the erosion of both companies' share assets, with the unrealised gains on Mitsubishi's holdings falling to ¥233.8bn from ¥436.6bn.

At Daiwa, the book value of short-term shareholdings fell to ¥9bn from ¥9.4bn but the market value fell to ¥7bn from ¥11bn and the book value of long-term holdings of stocks rose to ¥86.2bn from ¥80.3bn, while the market value fell to ¥145.8bn from ¥173.3bn.

Mitsubishi said that while the Japanese property industry

generally faces a "difficult environment", its own situation will be made more difficult by additional land taxes of ¥11.5bn for the current year. However, the company expects to spend ¥344bn in construction and other investment, 14.5 per cent up on last year.

Daiwa House said recent reductions in official interest rates could restore some of the consumer and industry confidence lost after the collapse of the country's financial "bubble", and that house sales were likely to improve later in the year.

### Home video games lift Nintendo to record sales

By Emiko Terazono  
in Tokyo

NINTENDO, the Japanese video game maker led by Mr Hiroshi Yamauchi who is leading a consortium to buy the US baseball team Seattle Mariners, saw record sales for the fiscal year ended March. Due to strong sales of its home video games in the US and Europe.

Non-consolidated sales at Nintendo rose 12.5 per cent to ¥507.5bn (¥3.89bn), thanks to firm domestic business. Operating profit rose 1.9 per cent to ¥140.8bn due to the stronger yen. However, the pre-tax profit rose 11.3 per cent thanks to a 74 per cent rise in interest income.

After-tax profits grew 20.8 per cent to ¥85.3bn. Exports were affected by the sluggish US economy and currency movements, and grew 1.1 per cent to ¥316bn. Nintendo's annual dividend was raised to ¥60 per share, from the previous year's ¥50.

The company expects stronger sales in the US following price cuts for the Super NES, its game hardware which uses a 16-bit processor. The planned introduction of a new product which enables users to paint pictures and compose music, is also expected to contribute to an earnings increase. Nintendo also expects to introduce Super NES into the European market this year.

For the year to March 1993, Nintendo forecasts a 6.2 per cent rise in pre-tax profits to ¥166bn on a 6.4 per cent rise in sales to ¥540bn.

The company plans ¥10bn in capital spending, including a construction of a distribution centre in Kyoto, Japan.

### Foster's to look at structure of CUB

By Kevin Brown in Sydney

FOSTER'S Brewing Group, the Australian beer, agricultural and finance group, yesterday announced a review of the structure of its Carlton and United Breweries (CUB) subsidiary, Australia's biggest brewer.

The review was announced by Mr Ted Kunkel, chief executive, as part of a drive to recover market share lost to National Brewing, the former brewing arm of Bond Corporation Holdings, now owned by Lion Nathan of New Zealand.

The group, which owns Courage in the UK and half of Molson Breweries in Canada, has sought to focus exclusively on brewing, but has been unable to dispose of non-core assets worth about A\$2.8bn (US\$1.2bn).

Mr Kunkel said the review was "a normal part of a management's task in any efficient organisation, and will ensure that the company is properly

focused to meet the opportunities of the 1990s".

However, the review is also in line with views expressed by Mr John Elliott, deputy chairman of Foster's. Mr Elliott believes the group has failed to extract full value from CUB's near-monopoly in Victoria, Australia's second most populated state.

International Brewing Holdings (IBH), a private company controlled by Mr Elliott, owns 38 per cent of Foster's, but will be in breach of loan covenants unless its bankers approve a financial restructuring plan due to be delivered today.

Analysts said the announcement was likely to help IBH persuade the banks to roll over its debts, especially if it helps convince them that restructuring the Australian brewing operations would lift Foster's earnings and dividend payments.

IBH depends on dividends from Foster's to pay interest on debts of about A\$2.5bn. The



John Elliott, review in line with his views company's only asset is its Foster's shareholding, which is worth about A\$1.6bn at last night's closing price of A\$1.66.

The company's bank lenders include Hongkong Bank Australia and Citibank BHP, Australia's biggest company, and National Mutual, the second largest financial institution. They are also exposed to a varying degree.

Analysts say the banks are unlikely to try to wind up the company in the short term because of the destabilising effect such a move would have on Foster's, and the heavy losses which would fall on other creditors.

The most likely outcome is a deal which would remove some of IBH's debt and decrease the uncertainty surrounding the group. That would allow the share price to rise to a level at which most creditors could be repaid.

Foster's has been in turmoil since losing a record A\$1.3bn in 1989-90, largely as a result of write-offs connected with non-brewing activities acquired during Mr Elliott's reign as chairman and chief executive.

### Hasbro plans to buy Japanese toy company

By Stefan Wagstyl in Tokyo

HASBRO, the US toy maker, is planning to buy Nomura Toy, a privately-owned Japanese toy design and marketing company, in the latest in a string of Japanese acquisitions by foreign companies.

Spurred by the decline in land and stock prices, foreign companies have shown increasing interest in buying Japanese businesses, particularly distributors and other groups with access to markets and marketing skills.

For their part, the owners of many Japanese companies involved in wholesale and retail distribution are looking to sell their businesses in response to recent easing of regulations designed to protect small shopkeepers.

Hasbro's proposed push into the Japanese toy market follows the success of Toys 'R' Us, the US toy retailer singled out

for praise for its efforts by Mr George Bush, the US president, during his visit to Japan early this year.

Hasbro plans to establish a Japanese subsidiary which will take over Nomura.

The Japanese company, no relation of Nomura Securities, was founded in 1923 and employs 40 staff in the design and marketing of toy cars, games, dolls and toy animals. The products are made by subcontractors. Sales are about ¥80m (¥800m) a year. The purchase price was not disclosed.

Mr Koichi Nomura, the president, and his family are selling the company to Hasbro because of difficult conditions in the market, said Nomura.

Hasbro said it was buying Nomura as a way of entering the Japanese market. It would use Nomura to launch various toys on the market, including board games.

### Export earnings help Amcoal advance 16.5%

By Philip Gawith  
in Cape Town

AMCOAL, the coal arm of Anglo American, the South African conglomerate, has recorded a 16.5 per cent rise in attributable profits to R21.1m (R112.66m) in the year to March, despite lower sales volume. Profits were lifted by higher earnings from exports and from sales to Eskom, the national power utility.

Group turnover rose by 4.2 per cent to R1.89bn. However, volume sales of coal and coke fell to 42.4m tonnes, a decrease of 1.1m tonnes from 1991. Sales to Eskom by volume were down by 1.1m tonnes at 29.9m tonnes, while export tonnage increased by 3 per cent to 10.3m tonnes.

Earnings from collieries supplying Eskom rose due to increased investment. Higher tonnages helped raise export earnings, which were also

assisted by slightly higher dollar prices and a marginally weaker exchange rate.

Colliery working costs rose by 6 per cent, well below the inflation rate of 15 per cent.

Mr David Rankin, chairman, said lower sales to Eskom and to the industrial and metallurgical sectors reflected the weak state of the economy.

Mr Rankin said that South African coal exporters, with Amcoal the largest, had sold a total of 48.5m tonnes in 1991, 1.1m tonnes less than in 1990. Coal exports remain South Africa's largest foreign exchange earner after gold.

He forecast lower earnings for the year because of soft domestic and international markets, lower interest earnings and a less favourable tax position.

Earnings per share were 18.3 per cent higher at 1.75 cents, and the dividend was lifted by 9.4 per cent to 46 cents.

### San Miguel 25% ahead

By Jose Galang in Manila

SAN MIGUEL Corporation, the Philippines' largest industrial enterprise, yesterday reported a 25 per cent increase in net income, excluding non-recurring items, in the first quarter of the year. Turnover was up 15 per cent in the period.

Net profit in the period was 588m pesos (R22.87m) on net sales of 13.4bn pesos.

The beer and food conglomerate said the improvement reflected improved margins and "better efficiencies and streamlining measures".

Interest expense, which comprised a large portion of its costs in the past two years, declined by 17 per cent in the 1992 period because of lower interest rates.

#### Notice of Redemption



Mortgage Funding Corporation No.5 PLC  
(Incorporated in England and Wales with limited liability under registered number 03079671)

£110,000,000 Class A1  
Mortgage Backed  
Floating Rate Notes  
Due November, 2035

NOTICE IS HEREBY GIVEN to the holders of the Class A1 Notes, that the issuer has determined in accordance with the Redemption provisions set out in the Terms and Conditions, the Class A1 Notes in the amount of £5,500,000 will be redeemed on the next Interest Payment Date, 29th May, 1992 (the "Redemption Date"). The Class A1 Notes will be redeemed on a pro rata basis and the Principal Payment per Class A1 Note will be £5,000. The Principal Payment on each Class A1 Note will be made in accordance with the operating procedures of Euroclear and Code.

By: Bankers Trust Company, London Agent Bank  
17th May, 1992

#### U.S. \$100,000,000



### Den Danske Bank

at 1871 Aikeselelaab

(Incorporated in the Kingdom of Denmark with limited liability)

Perpetual Subordinated Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from May 15, 1992 to November 15, 1992, the Notes will carry an interest rate of 5.5% per annum. The interest payable against Coupon No. 15 on the relevant interest payment date, November 15, 1992 will be U.S. \$387.75.

By: The Chase Manhattan Bank, N.A. London Agent Bank  
May 15, 1992

**CHARTERHOUSE**

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from 13th May 1992 to 13th August 1992, the Notes will bear a Rate of Interest of 10.1875% per annum. The amount of interest payable on 13th August 1992 will be £128.04 per £5,000 Note and £1,280.40 per £50,000 Note.

AGENT BANK: CHARTERHOUSE BANK LIMITED  
A member of The Securities and Futures Authority

**THE THAILAND INTERNATIONAL FUND LIMITED**

International Depositary Receipts issued by Morgan Guaranty Trust Company of New York

Evidencing Beneficial Certificates Representing 1000 Units

Notice is hereby given to the subscribers that the Thailand International Fund declared a distribution of US\$ 0.20 per share. The Record Date for this dividend is April 3, 1992.

As of May 18, 1992, payment of coupon amount of 3 of the International Depositary Receipts will be made in US dollars at the rate of US\$ 200. - per IDR less US\$ 0.50 depositary fee.

Payments will be made at one of the following offices of Morgan Guaranty Trust Company of New York:

Brussels, 35, Avenue des Arts  
London, 1, Angel Court  
Frankfurt, 44/46 Mainzer Landstrasse  
Zurich, 34, Stockenstrasse

Depository: Morgan Guaranty Trust Company of New York, Brussels Office

**COMMERZBANK OVERSEAS FINANCE N.V.**

U.S. \$100,000,000 Floating Rate Notes Due 1993

In accordance with the provisions of the Notes notice is hereby given that for the three months period from May 13, 1992 to August 13, 1992 the Notes will carry an interest rate of 4% per annum with a coupon amount of U.S. \$102.22 per U.S. \$100,000 Note and U.S. \$2,555.56 per U.S. \$250,000 Note payable on August 13, 1992.

Frankfurt/Main, May 1992

**COMMERZBANK**

**N.V. Koninklijke Nederlandsche Petroleum Maatschappij**  
(Royal Dutch Petroleum Company)  
Established at The Hague, The Netherlands

**Final dividend 1991**

The General Meeting of Shareholders of Royal Dutch Petroleum Company held on 14th May, 1992, has decided to declare the final dividend for 1991 at N.R. 4.75 on each of the ordinary shares with a par value of N.R. 5. The total dividend for 1991, including the interim dividend of N.R. 3.45 already paid in September 1991, will thus amount to N.R. 8.20 per share.

In the case of holders of bearer certificates with coupons this final dividend will be payable against surrender of coupon No. 204 on or after 25th May, 1992, at the offices of:

**Barclays Bank PLC**  
Stock Exchange Services Department,  
168 Fenchurch Street,  
London EC3P 3HP  
on business days between the hours of 9.30 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange current in London at 2 p.m. on 20th May, 1992, in the case of coupons presented on or before that date, or on the day of presentation in the case of coupons presented subsequently. Coupons must be accompanied by a presentation form, copies of which can be obtained from Barclays Bank PLC.

In the case of shares of which the dividend sheets were at the close of business on 14th May, 1992, in the custody of a Depository designated by the Company and admitted by Centrum voor Fondsenadministratie B.V., Amsterdam, this final dividend will be paid to such Depository on 25th May, 1992. Such payment will be made through the medium of Barclays Bank PLC, after receipt by them of a duly completed CF Dividend Claim Form.

Where under the double tax agreement between the United Kingdom and the Netherlands, 15 per cent Netherlands dividend tax has been withheld, the 15 per cent Netherlands tax is allowable for a resident of the United Kingdom as a credit against the United Kingdom income tax payable in respect of the dividend. The deduction of United Kingdom income tax at the reduced rate of 10 per cent instead of at the Basic Rate of 25 per cent represents a provisional allowance of credit at the rate of 15 per cent.

Where appropriate, the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax at the basic rate.

The Hague, 15th May, 1992  
THE BOARD OF MANAGEMENT



## INTERNATIONAL COMPANIES AND CAPITAL MARKETS

## Options exchanges worried by over-the-counter trading

The IAOECH annual meeting in Chicago believes they are losing business to customised deals, writes Barbara Durr

**R**ISING competition from over-the-counter (OTC) derivatives markets topped the concerns this week at the annual meeting of the International Association of Options Exchanges and Clearing Houses (IAOECH).

Options exchanges believe that a vast amount of money is slipping away from their trading floors into unregulated, customised derivative deals. The 49 exchanges from around the globe that gathered in Chicago wrestled with the question of whether this competition was a threat or an opportunity, and decided at the end that it was both.

While they would prefer that the OTC markets be regulated in the same way that they are, the risk of such customised deals is frequently laid off in exchange-traded products, which provides a certain amount of business for the exchanges.

Association officials said it is impossible to quantify precisely the dimensions of the OTC derivatives markets. Some indication could come from a plan for regulating the OTC market in the Netherlands, which goes into action next month.

Despite the lack of figures, association officials remain convinced that OTC markets are mushrooming. The same cannot be said of their own

trading volumes, at least in the more mature markets in industrial countries. Newer markets tend to experience several years of extraordinary growth and then see a significant slackening of pace.

US markets in particular are affected by a general decline in trading volume. The most dramatic decline has been in traditional equity options. According to the US Options Clearing Corporation, which handles all US clearing, the average daily trading volume of equity options has dropped from its peak of 650,000 in 1987 to 414,000 last year, though it has risen to 449,000 so far in 1992.

According to a recent study by the Philadelphia Stock Exchange, the decline in equity options activity derives in large part from a widespread lack of knowledge about options.

The five American options markets and the US Options Clearing Corporation such plan to wage a joint advertising campaign to bring back the retail customer.

Mr. Roger "Duke" Chapman, chairman of the Chicago Board Options Exchange and president-elect of the IAOECH, said: "There's a whole new generation of customers to be educated and a whole new generation of brokers to be educated."

Education for regulators is also badly needed, the IAOECH officials said. While regulators have increasingly consulted each other across borders in recent years, the association officials complained that they frequently do not consult with the markets themselves.

Tjerk Westerveld, president of the Amsterdam-based European Options Exchange (EOE), said: "We have been established in Europe at the kind of regulation they (the EC) had in mind for derivative markets." The association is pressing for greater international co-operation by regulators, in part to stem regulatory arbitrage and to speed the approval of

trading products across borders. It took, for example, two years to get the EOE's Eurotop options registered with the US Securities and Exchange Commission.

The IAOECH would also like to see unified clearing, though a single European clearing house was deemed at least the first step on that journey. Evidence of that need came just last week when four European exchanges, the EOE, SOFEX, OM London and OM Stockholm, agreed on co-operation in the form of a strategic alliance. Called First European Exchanges (FEE), it will provide cross-market access, but with the goal of enhancing home markets.

## Turkey acts to attract funds into equities

By John Murray Brown in Istanbul

**TURKEY** has introduced amendments to its capital market law in the hope of encouraging local institutional investors and boosting liquidity on the Istanbul stock exchange.

The amendments form the spearhead of a large reform package and, with tax changes reducing incentives for holders of government paper, are aimed at attracting funds into Turkish equities.

At present some 70 per cent of activity on the Istanbul stock market is concentrated in government debt.

The legislation provides for greater investor protection, diluting the powers of the Capital Markets Board (CMB) in Ankara, hitherto the government's watchdog body, while tightening the rules on financial disclosure, audit requirements and insider trading.

Moreover, for the first time the Turkish law provides specific penalties for insider trading, with, for example, a minimum fine of TL1bn (\$150,000) for creating false markets in shares.

The new law also enlarges the range of financial instruments available, to include futures, options and non-voting shares. Companies or banks wishing to issue financial instruments will now only have to register with the CMB.

Banks have also lost their exclusive right to run open-ended funds, which can now be offered by brokerage houses, insurance companies and other specialised financial institutions.

The difference between dividends on old and new shares has also been eliminated. Hitherto, this discouraged companies from making rights issues.

Taxes affecting the status of government debt are expected to be effective in 1993.

## Minebea profits plunge 45%

By Eniko Terazono in Tokyo

**MINEBEA**, Japan's leading miniature bearing maker, yesterday announced a sharp fall in non-consolidated earnings for the six months to March.

Pre-tax profits fell 45 per cent from the previous year to ¥4bn (\$30m) on a 3.3 per cent decline in overall sales to ¥98.2bn. After-tax profits fell 51 per cent to ¥2.1bn.

Sales of bearings, the company's main profit earner, fell 6.5 per cent to ¥27.1bn, because of slumping overseas demand. Sales of electronic equipment and components, manufactured mainly in Thailand, rose 7.4 per cent to ¥48.1bn.

Minebea's financial balance declined 65 per cent to ¥888m because of a 53 per cent fall in interest income.

The company said orders for

electronic equipment and parts such as precision motors, key-boards and floppy disk drives, have been rising. However, profitability for such products remains poor.

Minebea expects an improvement in the current six months. It is forecasting a 36.9 per cent fall in pre-tax profits to ¥9.5bn for 1991-92 as a whole, on sales little changed at ¥207bn.

## Norinchukin Bank rating under review

By Eniko Terazono in Tokyo

**MOODY'S** Investors Service, the US credit rating agency, yesterday placed the Aal long-term ratings of Norinchukin Bank, the financial arm of Japan's agricultural co-operative, under review.

The move follows a downgrading of Norinchukin's debt from Aaa last August. Credit ratings at Japanese banks have been downgraded during the past year, because of bad loans stemming from the sharp falls in stock and real estate prices.

The rise in funding costs, because of the declines in ratings, is expected to squeeze profit margins at the banks, which are already under pressure from the increasing number of corporate bail outs.

Moody's said that though Norinchukin has negligible direct exposure to domestic real estate-related businesses, the bank has high exposure through loans made to non-bank financial institutions.

Norinchukin also faces deteriorating asset quality and profitability at its local agricultural organisations.

## Prague plods on towards a regulated stock market

Ariane Genillard on Czech privatisation plans

**C**zechoslovakia's progress towards an efficient and regulated stock market system remains painfully slow, in spite of the urgent pressures arising from the government's privatisation plans.

Under the privatisation programme, an estimated \$6.6bn of equity from some 2,000 enterprises will be distributed to the 8.5m Czechs and Slovaks who bought a voucher book for a small fee earlier this year.

Voucher holders will start bidding for enterprises from Monday, and vouchers are expected to become tradeable shares in newly privatised enterprises by the end of this year.

Much will depend on the speed of the complex bidding process, which includes five rounds during which over-subscribed enterprises will be re-offered to bidders for more investment capital.

Without the development of an efficient stock market trading system the privatisation programme could become paralysed.

Two private stock exchange companies are to be set up, in Prague and Bratislava. These will be independent market institutions, inter-linked by computers and supervised by the finance ministries in the Czech and Slovak republics.

Shareholders for the Prague Stock Exchange will include Czech financial institutions. The law allows foreign banks to become shareholders but foreign participation is limited at 30 per cent of the stock exchange's capital.

So far, the only foreign banks holding a stake in the future stock exchange company are Credit Suisse First Boston and Creditanstalt.

However, five or six applications from other foreign banks are being processed, according to officials from the Prague Stock Exchange Association.

A draft of a securities act has been awaiting parliamentary review for months. And also the relevant authorities have also not defined listing procedures.

The remaining newly privatised companies are likely to be traded on an OTC basis among banks.

However, the federal ministry of finance has proposed that these shares be traded through the local computer offices which have monitored the registration of citizens' vouchers.

The stock exchange will be equipped with the CAC trading system, received under French government aid.

This has prompted some bankers to say that such state of the art technology could justify trading through the computer network directly and not on the physical exchange.

Bankers have also expressed fears about the legal basis of Czech trading operations.

A draft of a securities act has been awaiting parliamentary review for months. And also the relevant authorities have also not defined listing procedures.

## MAN boosts truck output

By John Griffiths in Hanover

**MAN** Nutzfahrzeuge, the commercial vehicle subsidiary of Germany's MAN engineering group, expects to produce a record number of trucks for the second year running.

The rise in output, from 36,000 in 1990 to an expected 43,000 this year, will help the truck maker increase turnover by DM800m to DM840m for its fiscal year ending June 1992, according to executive board chairman, Mr. Wilfried Lochte.

The turnover increase for the trucks subsidiary still benefiting from the surging demand

for trucks following German unification - underpins earlier group forecasts that turnover and profits for the group will be maintained this year.

This is despite lower orders in other group operating sectors such as printing and industrial equipment. The truck subsidiary itself earned DM159m net of tax last year, up from DM147m.

The company's sharpest growth in percentage terms is coming from buses rather than trucks. Bus output has more than doubled over the past two fiscal years, to 1,325 units, and demand from the east German states - where MAN already

claims 40 per cent of the bus market - is expected to help sustain the momentum.

Mr. Lochte said he expected bus turnover to increase by a further 35 per cent in the current fiscal year.

MAN has recently completed the £20m (\$35.4m) purchase of MAN Truck & Bus UK - the UK importer and distributor of MAN trucks - from the Lorch group.

The group plans to invest "some tens of millions of Deutschmarks" in its own dealerships in the UK in the hope of doubling UK market share, and demand from the east German states - where MAN already



**Société Générale de Surveillance Holding SA**

8, rue des Alpes CH-1211 Geneva 1

## PAYMENT OF DIVIDEND

Notice is hereby given to shareholders that following a resolution passed at the Annual General Meeting of the Company held on 14th May, 1992, dividend for the year 1991 will be paid as follows:

**CHF 40.- gross** for each registered share of CHF 100.- nominal value (reference number 247 732)

**CHF 40.- gross** for each bon de jouissance category A without nominal value (reference number 249 733)

i.e. **CHF 26.- net** per share, after deduction of Swiss federal withholding tax of 35%, and

**CHF 200.- gross** for each bearer share of CHF 500.- nominal value (reference number 249 737)

i.e. **CHF 130.- net** per share, after deduction of Swiss federal withholding tax of 35%

## Registered shares

The dividend will be paid, free of charge, on 19th May, 1992, directly to the shareholders on record.

## Bons de jouissance and bearer shares

The dividend will be paid, free of charge, as of 19th May, 1992, upon presentation of coupon No 13 (bons de jouissance) and of coupon No 3 (bearer shares) to any branch in Switzerland of Union Bank of Switzerland, Pictet & Cie, Bank Julius Bär & Co. S.A., Bank Sarasin & Cie, Bank J. Vontobel & Co. S.A. and Bordier & Cie, or at the registered office of the Company.

Shareholders are reminded that, in accordance with the Statutes of the Company, any dividend not claimed within 5 years of its due date, becomes statute-barred in favour of the Company (i.e. as of 30.06.1992 for bons de jouissance coupon No 7).

Geneva, 15th May, 1992.

On behalf of the Board of Directors  
The Chairman  
Elisabeth SALINA AMORINI

**NOTICE TO THE HOLDERS OF WARRANTS OF**  
**Nippon Koshuha Steel Co., Ltd.**  
(the "Company")

issued in conjunction with  
**US \$80,000,000**  
**5 per cent. Guaranteed Notes 1994**

Pursuant to resolutions of the Board of Directors of the Company dated 30th March, 7th April, 10th April, 21st April and 27th April, 1992, the Company issued 5 per cent. Guaranteed Notes 1994 with Warrants on 7th May, 1992. The subscription price of such Warrants is Yen 354 per share which was less than the current market price per share of Yen 417.50. As a result of such issuance, the subscription price of the captioned Warrants was adjusted from Yen 504 to Yen 466.50 effective as from 8th May, 1992 (Japan time).

**THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED**  
as Principal Paying Agent for and on behalf of  
**Nippon Koshuha Steel Co., Ltd.**

Dated: 15th May, 1992

**U.S. \$200,000,000**



**Exterior International Limited**  
(Incorporated with limited liability in the Cayman Islands)

**Guaranteed Floating Rate Notes due 2001**  
Unconditionally Guaranteed as to payment of principal and interest by

**Banco Exterior de España, S.A.**  
(Incorporated with limited liability in The Kingdom of Spain)

Notice is hereby given that for the six months Interest Period from May 15, 1992 to November 15, 1992 the Notes will carry an interest rate of 3% per annum. The interest payable on the relevant interest payment date, November 15, 1992 will be U.S. \$202.34 per U.S. \$100.00 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.  
London, Agent Bank



May 15, 1992

To the Holders of  
**Middletown Trust**  
**10% Notes Series A due 1993**

NOTICE IS HEREBY GIVEN that, pursuant to Article Eleven of the General Covenant, for the Sinking Fund due July 15, 1992 U.S. \$9,590,000 of the Notes will be redeemed at 100% of their principal amount plus accrued interest to July 15, 1992, when interest on the Notes redeemed shall cease to accrue. Following the above redemption, U.S. \$11,745,000 Series A Notes, U.S. \$102,865,000 10% Notes Series B due 1995 and U.S. \$37,205,000 11% Notes Series C due 2010 will remain outstanding.

The redemption price and accrued interest are payable against surrender of the Bearer Notes together with all coupons maturing subsequent to July 15, 1992 at the offices of the Paying Agents outside of the United States listed below:

The Chase Manhattan Bank, N.A.,  
Woolgate House,  
Coleman Street,  
London EC2P 2HD,  
England.

Chase Manhattan Bank  
Luxembourg, S.A.,  
5 Rue d'Alger,  
L-2338,  
Luxembourg-Grand.

Banque Bruxelles Lambert,  
Avenue Marix 24,  
1050 Brussels,  
Belgium.

Chase Manhattan Bank  
(Switzerland),  
Grossmattenstrasse 24,  
8002 Zurich,  
Switzerland.

The serial numbers of U.S. \$9,590,000 Bearer Notes to be redeemed are as follows:-

1	598	1170	1854	2227	2981	3208	3828	4328	4942	5566	5967	6457	7010	7601	8212	8896	9174	9781	10376	10959	11547
2	598	1171	1855	2228	2982	3209	3829	4329	4943	5567	5968	6458	7011	7602	8213	8897	9175	9782	10377	10960	11548
3	598	1172	1856	2229	2983	3210	3830	4330	4944	5568	5969	6459	7012	7603	8214	8898	9176	9783	10378	10961	11549
4	598	1173	1857	2230	2984	3211	3831	4331	4945	5569	5970	6460	7013	7604	8215	8899	9177	9784	10379	10962	11550
5	598	1174	1858	2231	2985	3212	3832	4332	4946	5570	5971	6461	7014	7605	8216	8900	9178	9785	10380	10963	11551
6	598	1175	1859	2232	2986	3213	3833	4333	4947	5571	5972	6462	7015	7606	8217	8901	9179	9786	10381	10964	11552
7	598	1176	1860	2233	2987	3214	3834	4334	4948	5572	5973	6463	7016	7607	8218	8902	9180	9787	10382	10965	11553
8	598	1177	1861	2234	2988	3215	3835	4335	4949	5573	5974	6464	7017	7608	8219	8903	9181	9788	10383	10966	11554
9	598	1178	1862	2235	2989	3216	3836	4336	4950	5574	5975	6465	7018	7609	8220	8904	9182	9789	10384	10967	11555
10	598	1179	1863	2236	2990	3217	3837	4337	4951	5575	5976	6466	7019	7610	8221	8905	9183	9790	10385	10968	11556
11	598	1180	1864	2237	2991	3218	3838	4338	4952	5576	5977	6467	7020	7611	8222	8906	9184	9791	10386	10969	11557
12	598	1181	1865	2238	2992	3219	3839	4339	4953	5577	5978	6468	7021	7612	8223	8907	9185	9792	10387	10970	11558
13	598	1182	1866	2239	2993	3220	3840	4340	4954	5578	5979	6469	7022	7613	8224	8908	9186	9793	10388	10971	11559
14	598	1183	1867	2240	2994	3221	3841	4341	4955	5579	5980	6470	7023	7614	8225	8909	9187	9794	10389	10972	11560
15	598	1184	1868	2241	2995	3222	3842	4342	4956	5580	5981	6471	7024	7615	8226	8910	9188	9795	10390	10973	11561
16	598	1185	1869	2242	2996	3223	3843	4343	4957	5581	5982	6472	7025	7616	8227	8911	9189	9796	10391	10974	11562
17	598	1186	1870	2243	2997	3224	3844	4344	4958	5582	5983	6473	7026	7617	8228	8912	9190	9797	10392	10975	11563
18	598	1187	1871	2244	2998	3225	3845	4345	4959	5583	5984	6474	7027	7618	8229	8913	9191	9798	10393	10976	11564
19	598	1188	1872	2245	2999	3226	3846	4346	4960	5584	5985	6475	7028	7619	8230	8914	9192	9799	10394	10977	11565
20	598	1189	1873	2246	3000	3227	3847	4347	4961	5585	5986	6476	7029	7620	8231	8915	9193	9800	10395	10978	11566
21	598	1190	1874	2247	3001	3228	3848	4348	4962	5586	5987	6477	7030	7621	8232	8916	9194	9801	10396	10979	11567
22	598	1191	1875	2248	3002	3229	3849	4349	4963	5587	5988	6478	7031	7622	8233	8917	9195	9802	10397	10980	11568
23																					







## COMPANY NEWS: UK

## Burton halved as multiples suffer

By John Thornhill

BURTON GROUP, which owns Debenhams and a string of fashion chains, saw interim pre-tax profits halved as it sought to defend market share by sacrificing margin and cutting prices.

In the 26 weeks to February 29, pre-tax profits fell from £44.1m to £21.6m on sales 2 per cent higher at £934.6m.

But although gross margins slipped by 0.8 per cent, Mr John Hoerner, chief executive of three months' standing, said the group had succeeded in restoring its market share to 1 per cent after shedding 1 percentage point in the previous half.

He added that sales from continuing businesses in the first 10 weeks of the second half were ahead 7 per cent but attributed the increase to restocking and operational improvements rather than a general recovery in the clothing sector.

"I think there has been a pick-up in conversation about consumer demand and a definite improvement in mood but it would be seriously misleading if I said I had any indication that it had yet happened," he said.

There was a marked difference in trading fortunes between the two arms of the group.

Debenhams, where Mr Hoerner was previously chief executive, lifted trading profits by 4 per cent to £28.5m on sales 11 per cent higher at £426.8m.



John Hoerner: 'seriously misleading' to talk of recovery

But the fashion multiples saw a drastic fall in profits from £32.2m to £3.1m on sales just 1 per cent lower at £507.8m.

Top Shop, Dorothy Perkins, and Evans were said to have recorded "better performances" while Top Man and Principles for Men were disappointing.

The group received £124m from asset sales, including

Harvey Nichols and the Dartford shopping centre. Net debt stood at £237m compared with £476m a year ago, representing a fall in gearing from 63 per cent to 33 per cent.

Earnings per share slid from 4.8p to 3p. An interim dividend of 1p (1.7p) is declared.

The group announced a streamlining of management functions which will result in the departure of Mr Richard Pym as chief executive of the services division and Mr Brian Moody as managing director of

Burton menswear.

Mr Pym's pay-off was not disclosed but was described as "less than extraordinary", unlike those given to other departing board directors in recent months.

## COMMENT

Burton should represent an object lesson in the perils of investing in personalities. Ironically, however, that may now represent just about the best reason for returning to the UK's second biggest clothing retailer.

In the short term he has been in charge, Mr Hoerner has impressed the City with his candour and common sense and although there are as yet few substantial signs of trading improvement there is a tangible swing in sentiment as evidenced by the 7½p rise in the share price to 49½p yesterday.

Burton is now a finely-balanced risk-reward scenario but the market may be over-optimistic about the pace and strength of recovery. Although the group is at last moving in the right direction, it would be unwise to presume that it will easily be able to rebuild margins given the restocking and restocking that is still needed and the escalation of pressure that the likes of Marks and Spencer can still bring to bear. And although the group may just be in the black at the year end the dividend is still likely to be cut.

## King &amp; Shaxson dividend cut hit shares

KING & SHAXSON Holdings, the discount house, has proposed cutting its dividend for the first time in its history following a halving in profit from £1.8m to £0.9m after providing for rebate, tax and transfer from contingencies in the year to April 30.

The final would be 2.5p for a total of 5p, against 10.25p. The shares lost 17p to close at 91p.

Mr David Pearce, who became chairman following the death of Mr Billy D'Abbas in February, said it had been a troublesome period for the core discount house business. He added that during the year the pivotal role of the discount market as a provider of liquidity to the banking system had been eroded.

"We are normally in an uncomfortable vice between eligible bill yields that are forced too low and money costs that are pushed too high. It is for this reason that our holdings of money market instruments are approximately half that of a year ago."

The situation was unsatisfactory, he said, and the company was looking at further ways of reducing its dependence on the discount house. The results include those of Smith St Aubyn (Holdings), the discount house.

## Moorfield agrees £700,000 bid

Moorfield Estates yesterday announced a recommended all share offer for Grosvenor Terrace Developments valuing the property company at £700,000, writes Richard Gourlay.

Moorfield is offering 19 new shares for every 8 Grosvenor shares, valuing each share at about 74p.

As part of the deal Granville, the investment house, will place 63 per cent of Moorfield's existing share capital belonging to some of its directors with institutional investors and the British Land Company. The placing price of 49p represented a 35 per cent premium to Moorfield's current share price.

## Tight cost controls and greater efficiency behind Fine Art rise

By Peter Pearce

SHARES IN Fine Art Developments rose 15p to 440p on news that the mail order and greetings card company had achieved a 12 per cent rise, to £29.7m, in pre-tax profits over the year to March 31.

The rise from £26.6m was struck on turnover ahead a more modest 3 per cent to £287.3m.

Mr Keith Chapman, chairman, said there were no indications of recovery in the retail sector - Fine Art's progress was gained through "tight cost controls and increased efficiency". The company had to "really fight for its sales".

However, he acknowledged that although manufacturers of white goods, for example, might suffer in a recession, the public tended to continue buying greetings cards, even if

they traded down.

In the same vein, Mr Chapman said Home Farm Hampers - the business where people pay throughout the year for food for a "decent Christmas" - traditionally did well in hard times. Sales rose 65 per cent with a substantial increase in profits.

Overall, the mail order side made operating profits of £20.7m (£18.7m) on turnover of £150m (£146m), helped by the £31m capital investment in an automated order fulfilment system at the warehouse at Accrington, Lancashire.

However, both Express Gifts and the charities business suffered downturns in the value of average orders, though the overseas markets in France, South Africa and Germany - made gains, especially in France.

Since the year-end, Fine Art

has expanded across the Atlantic with the acquisition of Tom-Wat of Connecticut for \$1m (£550,000) cash. A provider of charity mail order services, it has annual turnover of £18m.

The educational mail order business lifted profits and market share.

Operating profits and turnover in the card and paper products division both rose 3 per cent to £19.3m and £137.6m respectively. The success of Hambleton Studios and Gallery Studios was offset by the small loss at Papertree, the retail chain. Mr Chapman said he wanted to cut the number of outlets, from the current 80 and the 115 of 18 months ago, to less than 70.

Earnings rose 10 per cent to 25.35p (22.95p) per share and the proposed final dividend is lifted by 1p to 8.3p for a total of 11p (9.8p).

## N America boosts Hartstone

By Peggy Hollinger

EXPANSION into the fragmented North American leather market helped Hartstone, the hosiery and leather goods supplier, reveal profits almost trebled at £22.1m last year on sales which increased more than three times to £237.8m.

Mr Stephen Barker, chairman, said the company had increased market share in both divisions during the 12 months to March 31. Hartstone claims the world's number one position for leather goods distribution and is Europe's second largest hosiery manufacturing and distribution group.

The acquisition of Michael Stevens and Etienne Aigner last year contributed most of the rise in the leather goods division, which increased from £4.2m to £19.8m at the operat-

ing level.

Mr Trevor Brentnall, head of the North American leather goods operation, said the two US businesses had shown significant like-for-like growth. Sales at Michael Stevens were ahead 84 per cent, while Etienne Aigner improved turnover by 14 per cent. Both businesses had increased margins by improving sourcing and were also benefiting from a strengthened management team.

Hosiery rose on the inclusion for three months of the Spanish and French companies, Aznar and Cogetex, which contributed £1.5m. Operating profits for the whole division advanced by £1.9m to £5.8m.

Mr Barker said margins in the UK hosiery business had suffered from overstocking by retailers. However, the relaunch of Bear Brand in the

autumn had resulted in significant increases in volume.

Hartstone was also making good progress on tapping the growing European hypermarket sector. The French Well brand of tights had already been introduced into Spanish, Dutch and Belgian supermarkets.

Capital expenditure came to £6.5m, compared with a depreciation charge of £3.8m. Most of the spending had been devoted to increasing warehousing space at Michael Stevens and opening 18 Etienne Aigner stores in the US for a total of 30.

Depreciation would rise sharply to £7.6m next year, compared with capital spending of £8.5m, due to Aznar and Cogetex. Mr Barker said it was likely that the group would exercise its option to buy Aznar Industrial, the lingerie arm of Aznar, in January.

Hartstone ended the year with gearing of about 50 per cent and interest cover of 7.4 times. Interest charges rose sharply from £648,000 to £3.4m.

Earnings per share advanced from 15.1p to 21.1p. The proposed final dividend is raised from 8p to 3p, for a total of 4.875p (3.25p).

## 22% downturn at Tomkinsons

In another difficult interim period, Tomkinsons, the floor coverings group, limited its drop in sales to just over 4 per cent, but saw pre-tax profit fall by 22 per cent.

For the six months to March 31, sales came to £9.5m (£10.4m) and profit to £284,000 (£491,000) after interest charges were cut to £14,000 (£25,000).

Mr Lowry Maclean, chairman, was confident that the performance would prove to be better than many competitors. He said an operating margin of 3.5 per cent, coupled with low gearing of 1.5 per cent, continued to demonstrate underlying strength.

The interim dividend is maintained at 3.5p. Earnings per share dropped 1p to 4.2p.

## Young Gp sells option on mine stake to Peabody for \$6.6m

By Juliet Sychraba

YOUNG GROUP, the coal mining company, has sold an option to buy its stake in Carbonar, the Venezuelan coal company, to Peabody, the US coal company owned by Hanson, for \$6.6m (£3.72m).

The option is exercisable any time during the next year, giving Peabody time to investigate Carbonar's operations. During that time, Peabody will lease mining equipment to Young allowing the company to accelerate its coal production.

Peabody, one of the largest US coal companies, producing about 90m tonnes of coal a

year, will also advance Young \$500,000, which will be used to buy out minority shareholders in Carbonar, lifting its 51 per cent stake to 100 per cent, and settle liabilities relating to the company.

Mr Brian Calver, Young's chief operating officer, said he expected Peabody would exercise the option.

The deal will help Young to increase production and profit from the company, which will mine at least 200,000 tonnes of coal in 1992. Last year, the company had unexpectedly low output from Venezuela after equipment failed.

Mr Calver denied that the deal was a preliminary to mak-

ing a bid for part of British Coal, which is due to be privatised shortly. It was simply "cleaning up". He pointed out that any packages of British Coal for sale would be more likely to cost tens of millions of pounds.

Young Group underwent a financial restructuring earlier this year after an unexpected fall in profits and cash flow problems led to its shares, quoted on the USM, being suspended.

Mr Calver said he was still planning to sell one or two small opencast mining sites in the UK, but otherwise had no further important plans for restructuring.



## The Philharmonia in Paris

Photo: Clive Barba



Prices quoted include return Apex fare, which must be over Saturday night, bed & breakfast at hotel and assume double occupancy of room.

Tickets are subject to availability and offer closes 16th June. Addresses supplied by readers in response to this invitation will be retained by the Financial Times, which is registered under the Data Protection Act 1984. Nigel Pullman, Financial Times, Number One, Southwark Bridge, London, SE1 9HL.

## Philharmonia Orchestra in Paris

Please send me details and prices of the tailor made visit to Paris.

I am interested in flying from \_\_\_\_\_ (city)

TITLE \_\_\_\_\_ INITIAL \_\_\_\_\_ SURNAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

POST CODE \_\_\_\_\_ DAYTIME TEL \_\_\_\_\_

The Financial Times invites its readers to join us in Paris to hear an important concert by the Philharmonia Orchestra. We have reserved the best seats in the Châtelet Theatre for the concert on Monday 29th June. Christoph von Dohnanyi will conduct Webern - Im Sommerwind, Beethoven - Piano Concerto No 3 and Brahms - Symphony No 2 with piano soloist Krystian Zimerman.

Our arrangements with Air France and the four star Hotel Regina allow you to plan your visit entirely to suit yourself. You may stay for as long as you wish, travel from wherever you want, or indeed make your own separate travel or accommodation arrangements. All prices take advantage of our specially negotiated rates - for example, three nights (to include the Saturday) at the Hotel Regina, with return flights from any one of six English airports would cost just £378.

For further information on this limited invitation please complete the coupon opposite. We look forward to seeing you in Paris.

This notice is important and requires the immediate attention of holders of Bonds. If holders are in any doubt as to the action they should take, they should consult an independent financial adviser authorised under the Financial Services Act 1986 without delay. S.G. Warburg & Co. Ltd. is acting for Boots Finance Limited in relation to the Required Conversion and Redemption herein referred to and is not advising any other person or treating any other person as its customer in relation to such Required Conversion and Redemption.

## Boots Finance Limited

(the "Issuer")  
(incorporated in Jersey under the Companies (Jersey) Laws 1961 to 1968)

£155,000,000  
6 per cent. Convertible Capital Bonds 2005  
(the "Bonds")  
guaranteed on a subordinated basis by

## The Boots Company PLC

(incorporated in England under the Companies Acts, 1862 to 1986)

and convertible into 2 per cent. Exchangeable  
Redeemable Preference Shares in the Issuer  
(the "Preference Shares")

## NOTICE OF REQUIRED CONVERSION AND REDEMPTION

Notice is hereby given to holders of the Bonds (the "Bondholders") that pursuant to Condition 6 of the Bonds the Issuer has determined to convert all of the Bonds into Preference Shares (in accordance with Condition 4 of the Bonds) which Preference Shares shall then be redeemed forthwith upon their allotment.

Each outstanding unconverted Bond will be converted on 16th June, 1992 (the "Required Conversion Date") into one Preference Share. Interest will be paid on the Bonds in respect of the period from and including 29th January, 1992 to but excluding the Required Conversion Date and will cease to accrue on any outstanding unconverted Bonds on the Required Conversion Date. The Preference Shares will be redeemed on the Required Conversion Date at their Paid-Up Value of £5,000 each. No supplemental interest is payable on Bonds converted on the Required Conversion Date.

Payments of principal and accrued interest will be made, in accordance with the Conditions of the Bonds, against surrender of the Bonds at the specified office of any of the Paying and Conversion Agents listed below. Each Bond should be presented for conversion together with all unexpired Coupons appertaining thereto, failing which the amount of any such missing unexpired Coupons will be deducted from the sum due for payment on the Required Conversion Date. Each amount so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time prior to the expiry of 6 years from the due date for payment of such Coupon. Unconverted Bonds will become void unless presented for payment within the period of 12 years from the Required Conversion Date.

Bondholders are reminded that notwithstanding the foregoing, they will remain entitled to exercise their rights to convert the Bonds and exchange the resulting Preference Shares for Ordinary Shares of 25p each in The Boots Company PLC at the Exchange Price of 335 pence per Ordinary Share at any time up to and including 9th June, 1992. Such rights may be exercised by Bondholders delivering to the specified office of any Paying and Conversion Agent listed below the relevant Bonds (together with all unexpired Coupons appertaining thereto) accompanied by duly completed and signed notices of conversion and exchange in accordance with Condition 4(c) of the Bonds and otherwise in accordance with the Conditions of the Bonds.

## IMPORTANT - for illustration only

Value of the Ordinary Shares for which each Preference Share is exchangeable at its Paid-Up Value of £5,000, based on the closing mid-market quotation for the Ordinary Shares, as derived from The Stock Exchange Daily Official List for 8th May, 1992, of 477 pence per Ordinary Share and an Exchange Price of 335 pence per Ordinary Share £7,119.

Redemption price (including accrued interest) per Preference Share £5,115.

(Fractions of Ordinary Shares will not be issued on exchange and no cash adjustment will be made. However, subject to the Conditions of the Bonds, where Ordinary Shares arising on exchange of the relevant Preference Shares are to be registered in the same name, the number of Ordinary Shares to be issued will be calculated on the basis of the aggregate Paid-Up Value of those Preference Shares).

## Principal Paying and Conversion Agent

S.G. Warburg & Co. Ltd.  
2 Finsbury Avenue  
London  
EC2M 3PA

## Paying and Conversion Agents

Kredietbank S.A.  
Luxembourgeoise  
43 Boulevard Royal  
L-2955 Luxembourg

Swiss Bank Corporation  
Aeschenvorstadt 1  
CH-4002 Basle  
Switzerland

Issued by S.G. Warburg & Co. Ltd., a member of SFA, on behalf of Boots Finance Limited.

15th May, 1992



## COMPANY NEWS: UK

## GPA to enlarge UK and Irish float

By Roland Rudd

GPA is planning to sell more shares in the UK and Ireland in next month's flotation, according to indicative figures published in the preliminary registration in the US.

The filing came as Mr Tony Ryan, chairman of the aircraft leasing group, yesterday launched the pathfinder UK and Ireland prospectus which values the shares on offer at about \$900m (£452m) and the group as a whole at \$2.4bn.

As reported, the company is issuing 28m new shares and 13m of the 95m existing shares, excluding convertibles, are to be sold by existing shareholders.

The 40m new shares (which are doubled following a 1-for-1 scrip issue) are to be priced between \$10 and \$12.50. American depository receipts, comprising of two shares, will be priced between \$20 and \$25.

Advisers to the sale said the allocation between UK and Ireland, New York, Japan and the rest of the world would depend on demand. However, the US preliminary registration document, which gives indicative figures, shows that the group expects to sell slightly more shares in the UK with the rest evenly split although amounts may change by the time of the sale.

A UK prospectus offer for sale will be published on Monday June 8 with pricing, allocation and commencement of the sale on June 17.

GPA also confirmed that 75 per cent of its shareholders had agreed to a binding lock-up agreement not to sell their shares for a year after the float, with a further 11 per cent giving morally binding commitments.

Nomura, the Japanese global co-ordinator, is confident of persuading a few of the 14 per cent of shareholders which have not signed a binding lock-up agreement to do so within the month.

The group also announced its year end results which showed a 2 per cent increase in after-tax profits to \$268m

(\$262m) for the year ended March 31 1992. Fully diluted earnings per share were up 4 per cent to \$2.30 (\$2.21).

Mr Maurice Foley, chief executive, said the results showed the resilience of the group during the "most severe recession since the beginning of the jet era".

The extent to which the company evolved over the past few years was illustrated by the latest breakdown of revenues.

Over the past year aircraft leasing increased to 42 per cent or \$837m while sales of aircraft fell back to 56 per cent or \$1.1bn. Fees, commission and other income accounted for just 2 per cent or \$46m.

See Lex

## No early decision on Macmillan disposal

By Andrew Jack

PLANS FOR the disposal of Macmillan and Official Airline Guides will not be determined before June, creditors to Maxwell Communication Corporation were told yesterday.

A group of 200 creditors overwhelmingly endorsed proposals for the future changes at MCC in their first meeting since the group went into administration under UK insolvency law last December.

Mr Mark Homan, a partner with accountants Price Waterhouse and one of the joint administrators, told 200 creditors at the Cafe Royal in London that he was considering legal action against past and present directors of MCC.

He said two further small European subsidiaries will be sold in the next few weeks.

Further evidence of recovery in insurance industry  
Royal first quarter losses reduced sharply to £48m

By Richard Lapper

ROYAL INSURANCE, the composite insurance company, yesterday announced a reduced pre-tax loss for the three months to March 31, providing further evidence that the industry may be returning to profitability after recent heavy losses.

Earlier this week General Accident also reported reduced losses for the first quarter, while Guardian Royal Exchange - which does not report on a quarterly basis - has also indicated that trading conditions are improving.

Royal's pre-tax losses were reduced from £63m to £48m, largely because of an improvement in underwriting results in the UK and the US, where the benefit of premium increases, introduced over the last two years, and stricter

controls over underwriting is now being felt.

Worldwide underwriting losses amounted to £57m compared with £84m. Life profits were down to £14m (£16m). Investment income fell to £8m (£15m) while other income amounted to £6m (£8m) and share of associated income £5m (£10m). Loan interest for group financing amounted to £10m (£14m).

UK underwriting losses fell by £16m to £9m in the first quarter, following a fall in US bond prices the margin fell to 29 per cent at the end of the third quarter, nearly twice the legal minimum but one point below the level generally regarded as adequate in the industry.

Underwriting losses for domestic mortgage indemnity business amounted to £50m, some £33m less than in the fourth quarter of 1991, although elsewhere on the household account, Royal recorded an underwriting profit.

The solvency margin, which measures net assets as a percentage of non-life premium income, remains the main blackspot. Following a fall in US bond prices the margin fell to 29 per cent at the end of the third quarter, nearly twice the legal minimum but one point below the level generally regarded as adequate in the industry.

Over the last months the solvency margin has risen to 32 per cent, with the post-election recovery in the UK equity markets helping to bolster capital.

## On the runway to wider horizons

Roland Rudd meets the chief of the Irish aircraft leasing group

WE ARE a very big British company," says Mr Tony Ryan, chairman of the Shannon-based aircraft leasing company which is going public next month.

Puffing on a large cigar in the Trafalgar Suite of the Ritz Hotel, Mr Ryan, the quintessential Irishman, is underpinned by a look of astonishment.

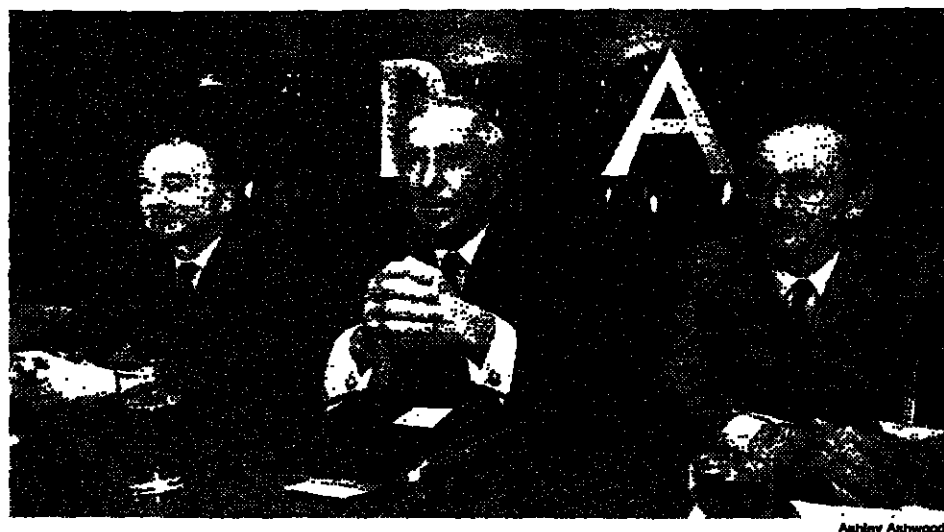
GPA is the third biggest buyer of Rolls-Royce engines and British Aerospace has a 20 per cent stake in its Airbus programme, he says.

Mr Ryan wants GPA to be listed among the top 100 Footsie stocks in London. At an expected post flotation valuation of \$2.4bn (£1.32bn) the company easily qualifies on size.

The fact that GPA is based in Shannon and does not pay tax in the UK has disqualified it from what its chairman calls the "London Club".

Whatever happens over the listing - and Mr Ryan says he will not allow the issue to go away - the group is unlikely to be referred to as the Irish aircraft leasing company after the flotation. It may move its headquarters to London or at the least upgrade its UK office.

Mr Ryan, who is not given to looking pleased with himself, cannot hide his relief that with the pathfinder prospectus out the controversial issues of pricing and persuading shareholders to sign binding agreements



(Left to right) Maurice Foley, deputy chairman and group chief executive, Tony Ryan, chairman, and John Tierney, group financial officer

not to sell their shares immediately after the sale are mostly behind him.

There are still problems ahead, but they are likely to be industry related - which Mr Ryan prefers to talk about.

GPA is not like Atlantic Computers, the leasing arm of the now defunct British & Commonwealth, because it specialised in computers which went out of fashion. "What is today's technology is tomorrow's junk." But everyone is still going to need aeroplanes.

Mr Peter Villa, managing director of the International

Bureau of Aviation, which publishes the Residual Value Journal, agrees that the company has been skilled at selling the income stream and aircraft to groups of investors.

The value of all aircraft has dropped. Values will improve over the next five years. The question is are they strong enough to survive until values improve?

Mr Ryan says he knew what he was doing when GPA began marketing aircraft sales. He is confident that with most analysts forecasting 5 per cent annual growth in air traffic

values of planes will improve. He also feels confident enough to dismiss the possible downgrading of GPA's short and long-term debt by Moody's, the credit rating agency, which has put the company, along with many others in the airline industry, on credit watch.

"If the sale goes well we are unlikely to be downgraded," Over the next month Mr Ryan, who prefers the anonymity of his Tipperary home, will be on the road selling the company. "I feel a bit like Jesus Christ trying to convert people to this business."

## Pentland US arm to float on NYSE with \$120m-\$135m tag

By Peggy Hollinger

PENTLAND, the sporting goods supplier which owns the Speedo brand name, yesterday announced that Authentic Fitness Corporation, its US affiliate, is to float on the New York Stock Exchange with a value of between \$120m and \$135m (\$58m to \$76m).

Proceeds will be used to pay AFC's heavy debt burden, the legacy of highly leveraged \$85m management buy-out in 1990. After the float, AFC is expected to have about \$30m

in debt.

AFC, which designs and sources Speedo in the US, intends to come to the market in July with 3m shares at a price to be pitched between \$14 and \$16. Pentland, which paid \$10m for its 39 per cent stake in 1990, will see its holding fall to about 26 per cent.

Mr Frank Farrant, finance director, said the float would benefit Pentland next year through an increased contribution from associated undertakings.

AFC's high interest pay-

ments, which were \$7.4m in the nine months to March 31 1992, would be substantially reduced, he said. AFC's pre-tax profits rose from \$200,000 to \$5m in the same period.

Pentland had no intention of further diluting its holding in AFC, Mr Farrant added. The \$10m investment had been written off 18 months ago and now represented a value of between \$31m and \$35m. The UK group retained its worldwide rights to the Speedo name and would continue to receive royalties from AFC.

Principal terms of the merger are: five Transatlantic ordinary for every six C&C shares; 100 Transatlantic 6 per cent convertible preference shares for every 100 C&C 5.75 per cent convertible preference; and 65p cash plus accrued dividends for each C&C 4.2 per cent preference share.

Explaining the move Mr Donald Gordon, chairman of Transatlantic, said it would increase his company's ability to raise capital and was something "that we have been trying to achieve for a long time."

## TransAtlantic and C&amp;C to merge

By Richard Lapper

TRANSATLANTIC Holdings, the Luxembourg-based life assurance and property group, and Transatlantic 6 per cent convertible preference shares for every 100 C&C 5.75 per cent convertible preference; and 65p cash plus accrued dividends for each C&C 4.2 per cent preference share.

As part of the deal, Transatlantic will make an application to list its shares in London.

The market capitalisation of the enlarged group would amount to \$970m.

Last month, Transatlantic, which is advised by SG Warburg, the merchant bank, announced

a one-for-four rights issue to raise \$140m.

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## Oxford United goes green

By Jane Fuller

A company which runs protection programmes for tropical rain forests and non-human primates is the new owner of Oxford United Football Club.

Biomass Recycling has bought the 89.5 per cent stake in the club previously owned by the late Mr Robert Maxwell from Buchler Phillips, the receivers of his private estate.

Mr Tim Midgley, a Biomass director, said one of the aims would be to create "an ecologically benign stadium". For example, solar panels in the roofs of the stands could charge batteries to run the floodlights.

With thousands of fans coming through the turnstiles each week, the stadium would demonstrate the sustainable use of materials and energy. It was a way of promoting the Biomass ethic, which also included community involvement.

"We started as a group of conservationists 15 years ago and felt we could have a major impact on the rain forest and its sustainable use." But with so much forest still being cut down, "we realised that we also had to do it by education."

Oxford United is set to move out of its cramped five-acre Manor Road ground in Headington.

Mr Midgley said that although the club had come close to being put into administration, it was operating profitably. "It does not have debts as such, but it has several legal problems over several sums of money."

Mr Peter Phillips, the receiver, said that although the club was only a small part of the estate, it had taken 700 man hours to sort out the sale. He said the chasing of Mr Maxwell's assets was "like putting a jigsaw together when you have no picture on the box."

The group has also announced a placing of £10m of convertible loan stock with Electra Kingsway, an investment group. The stock is convertible to ordinary shares after three years within a price range of 50-55p. Full conversion at 50p would result in the issue of 20m shares, representing 23.6% of the enlarged capital.

The proceeds will be used to strengthen the capital base. The book of lease payments, advances and hire purchase receivables grew by 32 per cent to £74.7m (£56.4m) which has been financed largely through a 42 per cent increase in bank loans and overdrafts to £58m.

The Irish division saw

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## Jacques Vert gives warning of 'substantial' pre-tax loss

By Jane Fuller

THE CLOSURES of a factory and a warehouse and the abandonment of a leisurewear line has led Jacques Vert, the womenswear group, to warn of a substantial pre-tax loss for the year just ended.

Yesterday's warning that there would be a substantial exceptional charge in the annual results follows a fundamental review of operations. Before expectations, the group had been expected to break even at best.

The problems came to light in January when the group shocked the market with a

\$125,000 pre-tax loss for the six months to October 26. About £1m profit had been expected compared with the previous year's £1.23m.

The factory to be closed is at Upton, Yorkshire, mainly used for making skirts. Mr Malcolm Heald, who has replaced Mr Sashi Myravan as finance director, said it had been losing money for some time. One of the nails in its coffin was the prospect of having an open-cast coal mine next door to it.

Production would mainly be replaced by outside sources. The group has been making nearly 60 per cent of its

goods in-house.

The discontinuance of the Alain Connelle leisurewear label, which had quality problems, would also mean closing a warehouse in Harlow.

In closing the two main sources of group losses, 174 jobs would be lost, leaving the total workforce at 750.

Mr Heald said the Jacques Vert label and JV Plus had remained profitable.

The write-offs would reduce shareholders' funds, which stood at £11.7m in April 1991. Net debt would be about \$8m at the interim stage and had not materially changed.

## Cambridge Gp advances 11%

By Tim Coome in Dublin

CAMBRIDGE GROUP, the Dublin-based leasing and financial services group, has reported a 11 per cent increase in pre-tax profits in the year to February 29 from £54.53m to £60.2m (£46.8m). Turnover rose 42 per cent to £124.4m, against £87.5m.

The group has also announced a placing of £10m of convertible loan stock with Electra Kingsway, an investment group. The stock is convertible to ordinary shares after three years within a price range of 50-55p. Full conversion at 50p would result in the issue of 20m shares, representing 23.6% of the enlarged capital.

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There is a limited amount of exhibition space available at the conference

**FT**  
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London, 22 & 23 June 1992

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- What services should be run on it - competing or monopoly?
- How can transnational services be co-ordinated?

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**Mr Jean Grenier**  
Eutelsat

**Rear-Admiral Robert Walmsley**  
Ministry of Defence

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Iridium Inc

**Mr Mike Tiplady**  
Celnet

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European Radiocommunications Committee

**Dr John Forrest**  
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**THE ALLOCATION OF RADIO SPECTRUM**

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**FT** FINANCIAL TIMES CONFERENCES

DIVIDENDS ANNOUNCED					
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
API	3.05	July 9	2.75	-	6.75
Bank of Ireland	5.64	July 9	5.84	9.17	8.17
Barton	11	July 31	17	-	27
Cambridge Gp	0.55	July 1	0.5	1	0.9
Fine Art Dove	8.3	July 3	7.3	11	9.8
Finlay (Leisure)	2.15	July 16	2.15	4.15	4.15
Fleming Euro Fledg	0.25	July 16	0.25	0.25	0.25
Foster (John)	0.5	July 14	0.5	0.5	0.5
Grandchild	4.6	Oct 5	4.2	-	11.35
Harffpools Water	29	July 1	22	50	49
Harbourside	31	July 31	2	4.575	3.25
King & Stenson	2.5	June 25	1.75	5	10.25
Ldn Atlantic Inv	2.2	July 20	2.08	2.95	2.8
Mid-States S	2.25	Aug 15	2.25	3	3
Rtl Capital	1.15	July 8	2.44	1.15	2.44
Tamborsons	3.5	June 30	3.5	11.5	11.5
Warner Howard	3.975	July 8	3.45	5.9	8.2
Warford Invests	4.5	Oct 12	4.5	7.25	7

Dividends shown pence per share net except where otherwise stated. 10m increased capital. \$USM stock. British currency.

**COVENTRY**

The FT proposes to publish this survey on May 26 1992, from its print centres in Tokyo, New York, Frankfurt, Paris and London. It will be read by senior businessmen and government officials in 160 countries worldwide. It will be of particular interest to the 130,000 director and managers in the UK who read the weekly FT. If you want to reach this important audience with your services, products whilst maintaining a high profile in connection with Coventry.

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Data source: BANC, Businessman Survey 1990

**FT SURVEYS**







## MacSharry seeks 'understanding' on farm policies

By David Gardner in Strasbourg

THE FIVE and a half-year-old Uruguay Round trade liberalisation talks could be concluded if the US and the EC make real efforts to understand what each is contributing in farm subsidy cuts, the issue blocking agreement.

This was the view of Mr Ray MacSharry, EC agriculture commissioner, who said that an agreement "could be close" — but only if the US understood and accepted what the EC was prepared to do in reforming its farm sector.

The commissioner's purpose was to lay out the critical issues and identify where there were areas of flexibility, to "get us over the bar on GATT", the General Agreement on Tariffs and Trade, which is conducting the Round.

Mr MacSharry said that willingness of the US and GATT to exempt the EC's planned compensation payments to farmers for price cuts from the Round's subsidy cuts schedule "holds the key to an agreement". The "final act" of the Round, drawn up by Mr Arthur Dunkel, last December, excluded these payments from its "green box" for subsidies that did not encourage production and therefore distort trade.

The compensation payments, which the EC may approve next week as a central component of the MacSharry plan to reform the common agricultural policy, are conditional on all but small farmers taking land out of production. "We have given absolute guarantees that they will reduce production," Mr MacSharry said.

## Brazil studies coffee stance

By Bill Hinchberger in Sao Paulo

GOVERNMENT officials and private sector representatives met in Brasilia yesterday to try to hammer out a detailed Brazilian position for the next round of talks on the International Coffee Agreement, set to begin 27 May.

"The idea is to go to the meeting with a clear position," said Mr Joaquim Lihano Ferreira Leite, director of exports for the Guaxupe Coffee Producers Co-operative. "Up to now we have waited for the others' positions."

Brazil is expected to maintain its 10-point overall proposal announced prior to the April round of talks. Present

adding that they were "more specific than Dunkel's green box." "This is the real contribution the community is making," the commissioner argued.

He said it was politically impossible for the EC to accept — as the US has suggested — that these payments be allowed for six years but then become degressive. A majority of member states agree with Mr MacSharry, but countries like the UK and Netherlands attach more importance to preventing a GATT agreement from restricting exports.

The Dunkel text requires a 24 per cent cut in the volume of subsidised exports over six years, as well as a 36 per cent cut in export subsidies. Mr MacSharry said this was "a fact of life and there will have to be (volume restraint) commitments." But he said that "at the end of the day, if people don't want to come off that 24 per cent, there are other avenues which will enable the EC to make its contribution on [restraining] exports."

The other method is so-called "aggregation", whereby volume cuts would be delivered by sectors rather than products, enabling the EC to cut more, say, on skimmed milk powder and barley, and less on higher added value products like cheese and bread-making wheat. But the US has shown no inclination to allow this edge to the EC's most competitive products.

Though Mr MacSharry accepted that there was nothing to indicate the US was moving towards the EC, he underlined that there were still "talks on an almost daily basis" going on between the two sides at all levels.

## Record copper demand forecast

By Kenneth Gooding, Mining Correspondent

COPPER CONSUMPTION is likely to rise by 4.5 per cent next year to reach a record 9.35m tonnes, according to the Metal Bulletin Research consultancy organisation.

This should support a sharp increase in the average copper price from about \$1.03 a lb this year to \$1.20 and "set the scene for a major bull market in the middle of the decade".

In a special report, analysts Mr Neil Buxton and Ms Rosalind Stewart suggest that copper supply will not be able to keep pace with demand next year. Stocks should therefore fall by about 200,000 tonnes to 700,000 tonnes, representing only four weeks of average consumption — the same level as during the 1987-88 bull market for copper.

They say that beyond 1993 mine capacity should meet the likely need for copper concentrate (an intermediate material) in the mid-1990s. But there is concern about the level of smelting capacity.

The only new copper smelter likely to be in production in the next two years is the 100,000 tonnes-a-year Lufu refinery in Zaire, scheduled to open in July this year.

"Copper industry demand, 2000 or 21.00 from Metal Bulletin Research, 16 Lower Marsh, London SE1 7RJ, England.

Alcan agrees 4-year pay deal

By Robert Gibbons in Montreal

ALCAN Aluminium's Quebec smelter workers have accepted a new four-year contract providing a total 8.6 per cent in pay increases retrospectively to May 1, 1991.

The unions also negotiated tighter job security clauses covering plant modernisation and technological change.

The new agreement covers all Alcan's smelters in Quebec, except a small plant near Montreal. In all the company has about 700,000 tonnes of ingot production capacity in the province.

Alcan laid off about 4,000 employees world-wide in 1991 and shut down 20 per cent of its smelting capacity because of low world prices. It has warned further cuts of about 1,000 jobs world-wide might follow this year.

About half of US aluminium producers have already agreed short-term contracts.

dealings. Analysts said that the Russian trade mission had reportedly purchased US cotton for the Moscow area mills.

LONDON COCOA ended the day generally easier after the market encountered another batch of origin selling from the Ivory Coast which quickly eroded morning gains. "The origins can't leave the market alone at the moment, but the problem is many people just aren't buying," one dealer said. GOLD moved ahead on the London bullion market on early Middle East short-covering and Japanese buying, which drove prices to a high of \$337.75.

Compiled from Reuters

London Markets

SPOT MARKETS

Cash oil (per barrel FOB)

Dubai \$17.10-15 -0.15

Brent Blend (mid) \$18.75-18 -0.15

WTI (11 pm est) \$20.80-85 -0.25

Oil products

WME prompt delivery per tonne (CIF)

Premium Gasoline \$29.23-31 +1

Gas Oil \$19.18-19 -0.28

Heavy Fuel Oil \$16.75 -0.3

Naphtha \$16.18-18 -0.3

Petroleum Argut Estimates

Other

Gold (per troy oz) \$327.00 +1.7

Silver (per troy oz) \$41.00 +1.0

Platinum (per troy oz) \$358.00 +2.85

Palladium (per troy oz) \$352.75 +0.5

Copper (LME futures) \$1.0475 -0.04

Lead (LME futures) \$0.7300 +0.01

Tin (Kuala Lumpur market) \$15.05

Wheat (US No 1) \$2.52 +0.5

Zinc (LME futures) \$120.00

Cattle (live weight) \$0.65 +0.35

Sheep (live weight) \$0.60 +0.30

100 lbs \$1.00 +1.00

London daily sugar (raw) \$24.15 +0.8

London daily sugar (white) \$24.50 +0.5

Tate and Lyle export price \$24.00

Berkey (English feed) \$1.05

Wheat (US No 3) \$2.45

Wheat (US No 4) \$2.40

Wheat (US No 5) \$2.35

Wheat (US No 6) \$2.30

Wheat (US No 7) \$2.25

Wheat (US No 8) \$2.20

Wheat (US No 9) \$2.15

Wheat (US No 10) \$2.10

Wheat (US No 11) \$2.05

Wheat (US No 12) \$2.00

Wheat (US No 13) \$1.95

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# Enthusiasm for stocks begins to wane

By Peter John

SIGNS that the London market has peaked for the moment increased yesterday as stock started to wash around without readily finding a home and a number of traders were beginning, with a certain amount of relief, to see the end of the bull run.

Although the FT-SE 100 Index had found some support during the morning, a combination of disappointing government figures, a large sell programme, poor corporate results and a weak Wall Street prompted a slide which ended with the Footsie down 25.9 at 2,694.7, just off the day's low.

News that underlying average earnings for March were up at 7.5 per cent, gave rise to

worries that the government's restraining influence on inflation is not so firm as hoped. This gave traders their first chance of the day to do something they had been looking to do all week - namely take profits. On the other hand, the rise in unemployment figures was largely discounted.

The profit-taking was part of a European trend which was particularly evident in France and to a lesser extent in Germany yesterday.

There were signs of nervousness in the gilt market and in the performance of short sterling. This was followed shortly after midday with the sale of between £80m and £100m worth of Footsie stocks in programme trade which took the wind out of the market.

Account Dealing Dates			
First Dealings:	May 11	May 11	May 11
Option Dealings:	May 11	May 11	May 11
Second Dealings:	May 11	May 11	May 11
Third Dealings:	May 11	May 11	May 11
Fourth Dealings:	May 11	May 11	May 11
Fifth Dealings:	May 11	May 11	May 11
Sixth Dealings:	May 11	May 11	May 11
Seventh Dealings:	May 11	May 11	May 11
Eighth Dealings:	May 11	May 11	May 11
Ninth Dealings:	May 11	May 11	May 11
Tenth Dealings:	May 11	May 11	May 11

After that, there was surprise at the poor first-half performance of Hanson. The results wiped out the impact of good figures from GrandMet and Shell.

Futures traders reacted quickly and led the market, which had been showing a comfortable gain of around 10 points, down towards 2,700. The FT-SE contract for June delivery fell to its estimated

fair value premium for the first time since the election.

The fact that turnover remained very high suggested that the market was no longer able to absorb the stock being placed at current high levels. There were 706.9m shares traded yesterday, well above Wednesday's figure of 604.6m when customer retail business reached £1.154bn.

Analysts were beginning to look at the lower than usual dividend yield on the All-Share Index, down to 4.5 per cent with the market at 2,737. They were also examining the level of its price earnings ratio which, said one observer, was the highest it had been for ten years.

One of the more relieved market commentators was Mr

Nick Knight of Nomura

Research who sees the market going back to 2,500 by the end of the year, and who published research yesterday arguing that the good news following the general election was already in the market.

"The degree of bullish consensus is frightening," he said. "Not only is the economic recovery already in the price but the figures from Hanson show that there is no economic recovery."

With 10 companies reporting figures yesterday, individual stock movements were dominated by results. Guinness was one to suffer, affected by a poor performance from its luxury good subsidiary, but Burton was active on better-than-expected numbers.

## Hanson depresses market

LOWER than expected figures from international conglomerate Hanson cast a dark shadow over the London market, helping to send equities in general into retreat.

The group's first-quarter profits, which came in at £488m, down from the corresponding period's £588m, were well below the lowest City forecast. Several analysts also took the accompanying trading statement to be downbeat, and brokers moved immediately to cut full-year forecasts by about £100m to around the £1.1bn mark. BZW, however, said it was leaving its current forecast at £1.14bn, though this figure now includes £27m from the recent sale of the ICI stake.

Hanson shares closed 9 down at 232 1/2 after heavy turnover of 15m and further heavy business in the London traded Options Market where the equivalent of more than 6m shares were dealt.

### GrandMet pleases

Encouraging half-year results from Grand Metropolitan lifted the stock 7 to 509p in its biggest turnover for 18 months, 9.3m shares. Its core drinks business was the power behind a 7 per cent rise in pre-tax profits to £402m.

Mr Graeme Radie at County NatWest said: "Stripping out the forex and other variables, the organic growth in the drinks division was 7.1 per cent, which is an outstanding performance." The food and the retail sectors proved slightly disappointing, and analysts were also surprised by the losses at the Pearl optical business in the US.

County is looking for full-year pre-tax profits of £1,015bn, down \$55m, and £1,144bn for 1993. Mr Martin Hawkins at Carr Kitchell & Aitken has cut his forecasts to £1,025bn and £1,170bn respectively.

Shell Transport was one of a

### NEW HIGHS AND LOWS FOR 1992

**NEW HIGHS AND LOWS FOR 1992**

**NEW HIGHS**

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2. **British Airways** (L22) 1,103.20  
3. **British Airways** (L23) 1,048.61  
4. **British Airways** (L24) 2,642.47  
5. **British Airways** (L25) 2,033.51  
6. **British Airways** (L26) 400.38  
7. **British Airways** (L27) 545.80  
8. **British Airways** (L28) 372.76  
9. **British Airways** (L29) 391.72  
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338. **British Airways** (L358)



INVESTMENT TRUSTS - COMBINED  
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## LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

Index	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594
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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar unsteady after losses

THE DOLLAR recorded its fourth easier close in a row on European markets yesterday after tumbling to a three month low against the D-Mark in the US overnight, writes James Ball.

After falling to DM1.6000 in Wednesday's North American trading, the US unit closed at DM1.6125 last night in London, nearly a penny down on its previous close. Once again, dealers said that the market's obsession with another possible cut in the US Fed funds rate had been the main factor undermining the unit. North American traders were anxiously awaiting US money supply data due to be released yesterday afternoon, with fears that another sharp drop in M-2 money supply could force the Federal Reserve to ease credit.

According to Mr Jim O'Neill, head of research at Swiss Bank Corp, the dollar's performance will be by far the most important factor in foreign exchange markets in forthcoming days. He believes that the next important event will be the Fed's open market committee on Tuesday. "If there is no easing of rates by next Wednesday, we should see new support for the dollar," he says. He believes that if the Fed does

reduce its rates again, the dollar will go down DM1.60 and test support at DM1.58.

Analysts said that the US currency had also been weighed down by massive selling of D-Marks against Swiss francs. The Swiss currency has traditionally been highly illiquid and dollar bull markets have often been short of Swiss francs. Yesterday however, the "Swissie" was highly popular as traders enthused about the fact that the authorities in Zurich have allowed market interest rates to rise. Suggestions that Switzerland may move closer to the European Monetary System also boosted the currency.

The dollar ended down nearly two pence against the franc at Sfr1.4775 and the D-Mark eased to DM108.90 per 100 Swiss francs from DM108.40.

Deutsche Mark was quiet yesterday.

day after the dollar's dramatic fall against the Japanese currency on Tuesday to Y130. One trader said that the US unit, which closed last night at Y130.30, was now supported by rumours of very good dollar support at Y130.50. A number of large Japanese financial institutions were said to be ready to buy dollars if the market price fell to those levels. Sterling's movements have appeared to shadow the dollar in the last day-and-a-half. The pound weakened sharply against the D-Mark overnight, dipping to a low of DM2.9550. Like the dollar, it recovered yesterday to close at DM2.9576, a drop of 1/2 pence from its previous close.

A surprisingly strong rise in UK average earnings dashed hopes harboured in some quarters of another cut in interest rates, propping up the British currency.

## EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Rate	% Chg	% Spread	% Diff
Portugal Escudo	178.735	178.735	-4.40	5.98	72
Spanish Peseta	166.639	166.639	-3.90	5.33	67
Belgian Franc	33.333	33.333	-0.01	0.01	0.01
French Franc	6.55957	6.55957	-0.01	0.01	0.01
German Mark	1.00000	1.00000	0.00	0.00	0.00
Italian Lira	2036.268	2036.268	-0.01	0.01	0.01
Irish Punt	7.87564	7.87564	-0.01	0.01	0.01
Spanish Lira	166.639	166.639	-0.01	0.01	0.01
Dutch Guilder	2.20371	2.20371	-0.01	0.01	0.01

ECU central rates set by the European Commission. Currencies are in descending order of value. Percentage changes are for a one percent change in the dollar. The dollar is the base currency. The percentage difference between the dollar and the other currencies is shown in the last column. The percentage difference between the dollar and the other currencies is shown in the last column.

Forward rates and discounts apply to the US dollar.

STERLING INDEX

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

CURRENCY MOVEMENTS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

CURRENCY RATES

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

OTHER CURRENCIES

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

EXCHANGE CROSS RATES

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

FT LONDON INTERBANK FIXING

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

MONEY RATES

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

LONDON MONEY RATES

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

UK clearing bank base lending rate

10 per cent from May 5, 1992

2-month money also ended at 10 1/2 per cent.

One trader said that these reductions were purely technical. He said that the overnight rate had dipped as low as 8 1/2 per cent because of the high liquidity in the system and, as a result, traders were more willing to lend at longer rates.

The market's underlying pessimism about a rate cut was reinforced by poor UK economic figures. These showed that unemployment grew by a bigger than expected

## FINANCIAL FUTURES AND OPTIONS

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00

## LIFE LINE FUTURES OPTIONS

	May 14	May 13	May 12	May 11	May 10
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	1000.00
1000	1000.00	1000.00	1000.00	1000.00	100



## WORLD STOCK MARKETS

[illegible]

Sales	Stock	High	Low	Close	Clng	Sales	Stock	High	Low	Close	Clng
TORONTO											
3:00 pm prices May 14											
Quotations in cents unless marked \$											
8000 Abitibi Pr	515	15	15	15	+1/2	35400	Crown Sls	52 1/2	23	23	1/2
10000 Agnico Ag	95	4 1/2	5	4 1/2	+1/2	1000	Cowdell Dr	56 1/2	5	5	1/2
30300 Air Cdn	55 1/2	6	5	5	-1/4	10000	Dell Sls	125	115	123	+1/2
12700 Atlas Ind	51 1/2	11	11	11	-1/2	1300	Danforth A	44	42	44	1/2
1700 AlphaGas	51 1/2	10	10	10	-1/2	8000	Duffan	56 1/2	6	6	1/2
26070 Alcan Al	52 1/2	24 1/2	24 1/2	24 1/2	-1/2	95000	Dominion	51 1/2	47 1/2	13 1/2	1/2
60100 Am Star	50 1/2	23 1/2	23 1/2	23 1/2	-1/2	26000	Dominion S	51 1/2	7	7	1/2
1500 Alco Inc	510 1/2	40 1/2	40 1/2	40 1/2	-1/2	4000	Dominion S	56 1/2	49 1/2	49 1/2	1/2
10000 Bk Mar	54 1/2	45 1/2	45 1/2	45 1/2	-1/2	10000	Dunsmuir	56 1/2	20	24	1/2
32070 Bk Nova	51 1/2	19 1/2	19 1/2	19 1/2	-1/2	10200	Eco Bay S	57 1/2	7	7	1/2
8800 Bk Sugar A	59 1/2	9 1/2	9 1/2	9 1/2	-1/2	3000	Emco Ltd	52 1/2	15	15	1/2
30000 BGE Inc	51 1/2	11	11	11	-1/2	1500	Emery	51 1/2	12 1/2	12 1/2	1/2
25000 BGE Inc	51 1/2	11	11	11	-1/2	21000	Enr Corp	51 1/2	12 1/2	12 1/2	1/2
1000 BGR A	55 1/2	8 1/2	8 1/2	8 1/2	-1/2	7000	Enr Ltd	420	415	420	-1/2
25000 BGR A	51 1/2	11 1/2	11 1/2	11 1/2	-1/2	19100	Fairview S	51 1/2	11	11	1/2
1200 Bw Valley	51 1/2	10 1/2	10 1/2	10 1/2	-1/2	400	Fleming S	51 1/2	12 1/2	12 1/2	1/2
57000 BZ Canada	51 1/2	12 1/2	12 1/2	12 1/2	-1/2	2000	Fleming S	51 1/2	12 1/2	12 1/2	1/2
10000 Brumfield	520	610	510	510	-1/2	11000	Four Seas	520	180	200	1/2
40000 Brucan A	51 1/2	17 1/2	17 1/2	17 1/2	-1/2	8000	Frederick S	51 1/2	24	24 1/2	1/2
10000 Brucan B	51 1/2	47	47	47	-1/2	2500	Giff Sls	51 1/2	14 1/2	14 1/2	1/2
10430 BZ Tel	51 1/2	18 1/2	18 1/2	18 1/2	-1/2	8000	Giff Sls	51 1/2	14 1/2	14 1/2	1/2
10000 Brucan	51 1/2	18 1/2	18 1/2	18 1/2	-1/2	2500	Giff Sls	51 1/2	14 1/2	14 1/2	1/2
3000 Brumfield	59 1/2	8 1/2	8 1/2	8 1/2	-1/2	400	Hartford A	55 1/2	6 1/2	6 1/2	1/2
24000 CAC Inc	51 1/2	9 1/2	9 1/2	9 1/2	-1/2	300	Harvey S	52 1/2	24	24	1/2
1600 Camstar	51 1/2	7 1/2	7 1/2	7 1/2	-1/2	2200	Hawthorn S	51 1/2	11 1/2	11 1/2	1/2
1200 Canbridge	51 1/2	19	19	19	-1/2	5000	Hawthorn S	51 1/2	11 1/2	11 1/2	1/2
11000 Canoco	51 1/2	16 1/2	16 1/2	16 1/2	-1/2	4000	Hawthorn S	51 1/2	11 1/2	11 1/2	1/2
40000 C-Well Res	55	52	52	52	+1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
18000 Canimble	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canimble	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
31500 Can Pac	51 1/2	18 1/2	18 1/2	18 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
100 Can Tire	52 1/2	20 1/2	20 1/2	20 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Can Pac	51 1/2	17 1/2	17 1/2	17 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
1200 Can MB A	51 1/2	19 1/2	19 1/2	19 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
4300 Canmar	51 1/2	29	29	29	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
2200 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
10000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
27000 Canstar	52 1/2	27 1/2	27 1/2	27 1/2	-1/2	17400	Hastings S	53 1/2	24	24 1/2	1/2
40000 Canstar	52 1/2										

[illegible][illegible]

Discovery	2,117,900	19%	+	5	NYSE				
Glaxo	1,910,100	27%	-	4	USMC Traded	2,297	2.2d	2.5d	2.5d
BankAmerica	1,695,600	49%	+	1 1/2	Nas	473	731	10	10
ExxonMobil	1,487,000	41%	+	1 1/2	Falls	807	978	9	9
Telefonos	1,396,000	56%	-	4	Unw	577	551	5	5
IBM	1,388,200	92%	-	1 1/2	New Highs	97	92	92	92
Philip Morris	1,324,800	78%	-	1/2	New Low	12	19	19	19

CANADA									
TORONTO									
	May 13	May 12	May 11	May 8	1992				
					HIGH	LOW			
Metals & Minerals	3103.71	3089.15	3069.33	2955.50	3238.87 (14/1)	2828.76 (8/4)			
Composites	3404.23	3427.89	3427.23	3374.40	3666.00 (15/1)	3318.10 (8/4)			
MONTREAL Portfolio	1787.15	1801.88	1795.29	1763.88	1937.59 (16/1)	1727.04 (8/4)			

Base values of all indices are 100 except NYSE All Common = 50; Standard and Poor's = 10, and Toronto Composite and Metals = 1000. Toronto indices based 1976 and Montreal Portfolio 1973. 1 Excluding bonds: Industrial, plus Utilities, Financial and Transportation. 2 Closed. 3 Unavailable.

TOKYO - M				
Thursday				
	Stocks	Closing	Prices	Change
Treasury	10.0m	749		on
Japan Metal	9.4m	749		
Osakamoto Inds.	9.4m	1,500		
Nippon Mining	7.2m	472		
Jon Storage Bnd	5.2m	1,100		
Mitsubishi Kokai	5.5m	1,000		

[illegible]

# THE EARTH SUMMIT

The Earth summit in Rio de Janeiro aims to bring together more than 160 World leaders to discuss the environmental agenda for the future. Clearly, environmental issues continue to impact on everyone—business, governments and individuals alike. On

the Financial Times will publish a survey entitled The Earth Summit which will examine the prospects for the summit, its scope and likely outcomes. This survey will attract widespread interest amongst, the Financial Times business readership world-wide for whom environmental issues continue to be of major importance. 42% of Chief Executives in Europe's top companies ranked the protection of the environments among the top three future developments likely to have greatest impact on the company's longer future. If we want to reach this influential audience, call 0181 733 3333.

Alicia Andrews:  
on 071 873 3565  
or fax 071 873 3062

*Data source: Chief Executives in Europe 1990*

## ET SURVEYS

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## NEW YORK STOCK EXCHANGE COMPOSITE PRICES







